



ANNUAL REPORT 2020



CONTENTS

2	Corporate Information	17	Consolidated Statement of Profit or Loss and Other Comprehensive Income	23	Notes to the Financial Statements
3	Letter to Shareholders	18	Statements of Financial Position	108	Corporate Governance
5	Financial Review	19	Consolidated Statement of Changes in Equity	137	Shareholders' Information
7	Directors' Statement	21	Statement of Changes in Equity	139	Notice of Annual General Meeting
10	Independent Auditor's Report	22	Consolidated Statement of Cash Flows		Proxy Form

CORPORATE INFORMATION

DIRECTORS

Mr James Moffatt Blythman
(Executive Director & Chief Financial Officer)

Mr Sazali Bin Mohd Nor
(Independent and Non-Executive Director)

Mr Aswath Ramakrishnan – Appointed on 17 July 2020
(Independent and Non-Executive Director)

Mr Koh Beng San – Appointed 13 October 2020
(Independent and Non-Executive Director)

Mr Joseph Chen – Resigned 17 July 2020
(Independent and Non-Executive Director)

Mr Ng Fook San – Resigned 17 July 2020
(Independent and Non-Executive Director)

COMPANY SECRETARY

Mr Allan Tan Poh Chye

REGISTERED OFFICE

16 Kallang Place #05-10/18 Kallang Basin Industrial Estate
Singapore 339156

Telephone number: (65) 6264 2711

Facsimile number : (65) 6302 9777

Electronic mail address: corp@ren-united.com

Website: www.ren-united.com

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
80 Robinson Road, #11-02, Singapore 068898

AUDITOR

Baker Tilly TFW LLP
Chartered Accountants of Singapore
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

Partner-in-charge : Ms Tay Guat Peng
(Appointed since financial year ended 30 April 2018)

LETTER TO SHAREHOLDERS

Dear Shareholders,

Renaissance United Limited (“the Company”) together with its subsidiaries (“the Group”) faced extremely difficult trading conditions in Financial Year 2020 (“FY20”) brought by the US-China trade war and the COVID-19 global pandemic. The financial performance of the Group is tied to its three operating subsidiaries with highlights as follows:

- **Capri Investments LLC (“Capri”)**

On 26 March 2018, the Pierce County Hearing Examiner issued a decision approving the Falling Water Plat/Planned Development District (“PDD”) 4th Tri-Annual Review and 21st Annual Extension. On October 3, 2018, the Pierce County Hearing Examiner issued a decision approving the Plat/PDD 22nd Year Extension. On August 26, 2019, the Pierce County Hearing Examiner issued a decision approving the Plat/PDD 23rd Year Extension.

Capri has made substantial progress on and considerable investment in the Falling Water Plat/PDD since the Hearing Examiner’s March 26, 2018 decision, which adopted a comprehensive set of milestone conditions for the project to meet in order to be eligible for further annual extensions (“Milestone Conditions”). Capri has met all Milestone Conditions for the project to date.

On 21 May 2020 Capri requested that the Hearing Examiner grant a 24th Year Extension for the Falling Water Plat/PDD. In conjunction with the 24th Year Extension, Capri further requested that the Hearing Examiner modify the two Milestone Condition deadlines set for July 15, 2020 as detailed below, but without altering the overall July 15, 2023 final milestone date for the project. The reasons for the requested modification of the July 15, 2020 submittal deadlines are (1) to accommodate project development requirements and (2) the impact of the ongoing COVID-19 pandemic on development of the Falling Water project. The Extension was granted on 15 July 2020.

Financial Year 2021 (“FY21”) should see the start of Capri receiving income from the sale and development of its Falling Water PDD. For further details, please refer to announcement made on 3 November 2020.

- **Hubei Zonglianhuan Energy Investment Management Inc. (“HZLH”)**

The Group’s wholly-owned subsidiary Excellent Empire Limited, via its 100% owned subsidiary China Environmental Energy Protection Investment Limited (“CEEP”), holds 65% equity interest in HZLH. HZLH in turn holds a 100% equity interest in four companies supplying natural gas under 30-year exclusive contracts with the cities of Anlu, Dawu, Xiaochang, and Guangshui in Hubei Province, People’s Republic of China (“PRC”).

As announced on 5 February 2020 HZLH had been temporarily disrupted due to the “lockdown” imposed by the Chinese government on cities within Hubei and numerous other provinces. The “lockdown” took effect from 23 January 2020, and was a precautionary measure taken by the PRC government to contain the coronavirus.

The marginal squeeze of HZLH’s revenue was in part due to a fall in demand from industrial users. However, the future direction of HZLH remains positive as natural gas remains a key part of PRC’s energy mix policy. The natural gas industry itself is undergoing significant reform which should result in further efficiencies in the grid and improve supply.

LETTER TO SHAREHOLDERS

- **ESA Electronics Pte Ltd (“ESA”)**

The Company holds an 81.25% equity interest in ESA. ESA is a Singapore incorporated company engaged in the business of assembling, trading and providing consultancy services in the semiconductor industry. ESA also acts as agents and distributors of semi-conductor back-end equipment such as vision inspection systems and test systems.

ESA's full year results were impacted by the China USA trade war with weaker global demand and the commencement of COVID-19 restricted trading conditions with lower FY20 turnover of S\$13.1 million compared with FY19 of S\$22.8 million.

As announced on 13 April 2020, ESA continues to operate as an Essential Service under the applicable laws, including the provisions of the Infectious Diseases Act and any regulations promulgated thereunder, Part 7 of the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Control Order) Regulations 2020.

ESA's future performance in the short-term is contingent on the recovery of the global economy following lifting of restrictions imposed by governments around the world.

Legal Proceedings

Significant management attention and financial resources were spent on litigation in Washington. As announced on 1 October 2020, HeHome Development, Inc. agreed to pay Capri the amount of US\$2 million United States Dollars (US\$2,000,000). Each party will bear its own costs in respect of the discontinuance of their claims and counterclaims in the suit. Capri and the Company will continue to defend itself in the Healy and Renovatio matters as previously disclosed.

Sustainability Reporting

To affirm the importance of having a sustainability strategy on our corporate agenda, a separate sustainability report guided by the Global Reporting Initiative (“GRI”) Standards: Core option and SGX-ST listing rules 711 (A) and 711 (B) will be produced to accompany this 2020 Annual Report and is expected to be released shortly.

In this sustainability report, we will provide insights into the way we do business, while highlighting our environmental, social, governance (“ESG”) factors and economic performance. Specifically, we will focus on our initiatives that are instrumental in strengthening customer satisfaction, labour practices, safe work practices, social responsibility, environmental stewardship, business performance and governance practices.

Moving Forward

Board and management will continue its efforts to steward our three core businesses through these uncertain times. However, the effects of the COVID-19 pandemic are likely to continue to affect our business well into FY21. That being said, the Company will continue to look for new business organically or via acquisition and will continue to work with the Singapore Exchange (“SGX”) on resolving its legacy issues.

James Moffatt Blythman

Executive Director and Chief Financial Officer

On Behalf of the Board

11 November 2020

FINANCIAL REVIEW

For the financial year ended 30 April 2020 (“FY20”), the Group achieved a Turnover of S\$52.5 million, which was S\$10.5 million or 16.7% lower than the Turnover of S\$63.0 million recorded for the corresponding financial year ended 30 April 2019 (“FY19”). The Group’s Turnover was mainly attributable to the following subsidiaries:

- ESA Electronics Pte.Ltd (“ESA”) recorded a 42.5% decrease in Turnover of S\$9.7 million to S\$13.1 million in FY20, as compared to a Turnover of S\$22.8 million recorded in FY19. The decrease was mainly due to less demand of burn-in boards by semi-conductor manufacturers in the current year.
- Capri Investment L.L.C (“Capri”) recorded a Turnover of S\$0.1 million in FY19 and none in FY20 as there was no finalised sales agreement with home builders in the current year.
- Excellent Empire Limited (“EEL”), via its wholly-owned subsidiary, China Environmental Energy Protection Investment Limited (“CEEP”), which in turn through its PRC subsidiaries supplies natural gas to households, commercial and industrial users in Anlu, Dawu, XiaoChang and Guangshui cities in Hubei, PRC, achieved a Turnover of S\$39.3 million in FY20, as compared with S\$40.1 million in FY19. The 2.0% decrease in Turnover of S\$0.8 million was mainly due to marginal decrease in natural gas sales.

The Group recorded a Profit before Income Tax of S\$0.8 million in FY20, as compared to Loss before Income Tax of S\$16.8 million recorded in FY19.

The Group recorded a Profit after Income Tax of S\$0.1 million in FY20, as compared to Loss after Income Tax of S\$15.9 million recorded in FY19.

In FY20, the Group had Loss Attributable to Shareholders of S\$0.1 million and Loss per Share of 0.002 Singapore cents (FY19: Loss Attributable to Shareholders S\$16.8 million and Loss per Share of 0.271 Singapore cents).

Other Revenue increased by S\$1.4 million to S\$3.4 million in FY20, as compared with S\$2.0 million FY19. This was mainly due to:

- (a) S\$0.6 million of Government grants and Job support scheme in FY20;
- (b) S\$1.0 million increase in foreign exchange gain arising from the revaluation of foreign currency denominated balances primarily in:
 - (i) United States Dollars (“US\$”), at exchange rates of 1 US\$ to S\$ which strengthened from S\$1.362 to S\$1.41 (FY19: strengthened from S\$1.324 to S\$1.362);
 - (ii) Chinese Renminbi (“RMB”), at exchange rates of 1 RMB to S\$ which weakened from S\$0.202 to S\$0.200 (FY19: weakened from S\$0.209 to S\$0.202);

FINANCIAL REVIEW

The Group's Total Cost and Expenses decreased by approximately S\$26.7 million to S\$55.1 million in FY20, compared with S\$81.8 million in FY19. This was mainly due to:

- (a) S\$8.9 million decrease in the changes in inventories, raw materials and consumables, which is in line with the decreased turnover by the semi-conductor business of ESA;
- (b) S\$1.2 million increase in depreciation of fixed assets mainly from PRC subsidiaries;
- (c) S\$2.8 million decrease in impairment loss of trade and other receivables mainly from PRC subsidiaries;
- (d) S\$16.2 million loss from derecognition of subsidiary in FY19 and none in FY20;

An Income Tax Expense of S\$0.6 million in FY20 as compared to Income Tax Credit of S\$0.9 million in FY19 due to S\$0.1 million increase in current tax expenses and a decrease of S\$1.4 million write back of deferred tax liabilities.

As at 30 April 2020, the Total Assets of the Group were S\$133.3 million (FY19: S\$134.6 million). The Net Current Liabilities of the Group as at 30 April 2020 were S\$7.1 million (FY19: S\$13.8 million), of which S\$13.3 million (FY19: S\$11.2 million) was held as cash and cash equivalents.

The Group's total borrowings of S\$25.4 million (FY19: S\$20.3 million) consist of mainly bank loans and overdrafts obtained by subsidiaries in PRC and ESA. The Group's gearing ratio as at 30 April 2020, based on net debt divided by total capital is 0.33 times (FY19: 0.42 times). Net debt is calculated as total borrowings, lease liabilities and trade and other payables less cash and cash equivalents. Total capital is calculated as equity to owners of the parent plus net debt.

As at 30 April 2020, the total equity of the Group was S\$71.6 million, as compared to S\$73.0 million in FY19. The decrease was mainly due to a current year profit of S\$0.1 million offset by S\$0.1 million dividend payment to non-controlling interests of a subsidiary and S\$1.4 million translation loss in other reserve and non-controlling interests.

The net asset value per share is S\$0.01 in FY20 (FY19: S\$0.01) and the total issued share capital of the Company is 6,180,799,986 (FY19: 6,180,799,986) ordinary shares.

DIRECTORS' STATEMENT

The Directors hereby present their statement to the members together with the audited consolidated financial statements of Renaissance United Limited (the “Company”) and its subsidiary corporations (collectively, the “Group”) and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 April 2020.

In the opinion of the Directors:

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 17 to 107 are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2020 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, after considering the measures taken by the Group and the Company with respect to the Group’s and the Company’s ability to continue as going concerns as described in Note 3 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The Directors of the Company in office at the date of this statement are:

Mr Koh Beng San	-	Independent and Non-Executive Director (Appointed on 13 October 2020)
Mr Sazali Bin Mohd Nor	-	Independent and Non-Executive Director
Mr Aswath Ramakrishnan	-	Independent and Non-Executive Director (Appointed on 17 July 2020)
Mr James Moffatt Blythman	-	Executive Director

Arrangements to enable Directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act except as follows:

Name of directors and companies in which interest are held	Number of ordinary shares					
	Shareholdings registered in their own names			Shareholdings in which a director is deemed to have an interest		
	At 1.5.2019	At 30.4.2020	At 21.5.2020	At 1.5.2019	At 30.4.2020	At 21.5.2020
Company						
<i>Renaissance United Limited</i>						
James Moffatt Blythman	–	–	–	880,000,000	880,000,000	880,000,000

Share options and employee share scheme

Share options

There were no share option granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Directors' contractual benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the financial statements and in this Annual Report.

Audit Committee

The Audit Committee at the date of this statement comprises three Directors, all of whom are independent. The members of the Audit Committee are as follows:

Mr Koh Beng San (Appointed on 13 October 2020)
Mr Aswath Ramakrishnan (Appointed on 17 July 2020)
Mr Sazali Bin Mohd Nor

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act. The functions performed are detailed in the Corporate Governance Report, as set out in the Annual Report of the Company.

DIRECTORS' STATEMENT

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

James Moffatt Blythman
Director

Sazali Bin Mohd Nor
Director

11 November 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RENAISSANCE UNITED LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Renaissance United Limited (the "Company") and its subsidiaries (collectively, the "Group") as set out on pages 17 to 107, which comprise the statements of financial position of the Group and the Company as at 30 April 2020, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 April 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year then ended on that date.

Basis for Qualified Opinion

1. Financial information of Hubei Zonglianhuan Energy Investment Management Inc. and its subsidiaries ("HZLH group")

The component auditor has not received a bank confirmation letter from a financial institution with which a subsidiary of HZLH group held a balance of RMB1,016,000 (approximately \$200,000) and RMB1,014,000 (approximately \$204,000) as at 30 April 2020 and 2019 respectively. Accordingly, we are unable to satisfy ourselves on the completeness of any special arrangements or restrictions with or imposed by the financial institution and on the completeness and accuracy of the balances and commitments held with this financial institution for the financial year ended 30 April 2020 and 2019.

2. Transaction between China Environmental Energy Protection Investment Limited and Xiaogan He Shun Investment Management Centre LLP

During the financial year ended 30 April 2018, the Group recognised the impact of the dilution in equity ownership of HZLH from 85% to 65%, in connection with the sale of HZLH shares by China Environmental Energy Protection Investment Limited ("CEEP") to Xiaogan He Shun Investment Management Centre LLP ("He Shun"). Based on the legal advice obtained, the transaction was accounted for as a disposal of shares in HZLH, instead of a share-based payment transaction as reflected in previous years' financial statements.

During the financial year ended 30 April 2020, a prior year adjustment was made by the Group to transfer the amount of \$731,000 from Equity – NCI to accumulated losses as at 1 May 2018 in the consolidated statement of changes in equity. Full details are disclosed in Notes 13(c) and 26(c) to the financial statements.

We are unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the accounting treatment for the above-mentioned transactions and on the adjustments made in prior financial year's financial statements arising from the accounting for the transactions.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RENAISSANCE UNITED LIMITED

Report on the Audit of the Financial Statements (cont'd)

Basis for Qualified Opinion (cont'd)

2. Transaction between China Environmental Energy Protection Investment Limited and Xiaogan He Shun Investment Management Centre LLP (cont'd)

During the financial year ended 30 April 2019, the Group recognised an impairment loss of \$2,741,000 on the balance receivable from a key management personnel ("KMP") as disclosed in Note 17(a) to the financial statements. We were unable to satisfy ourselves as to whether the impairment loss or a portion of the impairment loss should be recognised in the previous financial year ended 30 April 2019.

Our opinion on the current financial year's financial statements is also modified because of the possible effect of these matters on the comparability of the current financial year's figures and the corresponding figures.

3. Development property

As disclosed in Note 16 to the financial statements, the net carrying amount of the Group's development property as at 30 April 2020 amounted to \$11,880,000 (2019: \$10,543,000).

We are unable to perform audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the net carrying amount of the development property as at 1 May 2017 contained misstatements as management was unable to provide supporting documents for the accumulated brought forward costs of the development property. Accordingly, we are unable to satisfy ourselves that the development property stated at cost of \$11,880,000 and \$10,543,000 as at 30 April 2020 and 30 April 2019 respectively are fairly stated.

Our opinion on the current financial year's financial statements is also modified because of the possible effect of these matters on the comparability of the current financial year's figures and the corresponding figures.

4. Contingent liabilities

As disclosed in Note 20 and Note 33 to the financial statements,

- (a) A former key management personnel informed the auditor that as at 30 April 2020, there is an outstanding amount owing to him of \$1,025,000 under the terms of his service agreement. The former key management personnel had also filed a writ of summons claiming \$249,500 for damages caused by alleged defamation by the Company and its three former directors.

The Board of Directors has sought legal advice from its lawyers. No provision has been recorded in the financial statements as at 30 April 2020.

- (b) On 17 July 2018, the Company and its subsidiary, Capri Investments L.L.C. ("Capri") received writ of summons from Westridge Development LLC and G. Patrick Healy ("Healy"). The claims relate to claim of ownership of approximately 15 acres of real property in Pierce County, Washington.

On 9 October 2020, the Court ordered that all claims by Westridge Development LLC be dismissed without prejudice. The remaining claims brought by Healy will continue to be litigated. The Company has discussed with its lawyers and has not altered its position that the claims are without merit. Accordingly, the claim amount has not been recognised in the financial statements as at 30 April 2020.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RENAISSANCE UNITED LIMITED

Report on the Audit of the Financial Statements (cont'd)

Basis for Qualified Opinion (cont'd)

4. Contingent liabilities (cont'd)

- (c) On 13 May 2019, the Company and its subsidiary, Capri, were served with a complaint filed in the Pierce County Superior Court in the State of Washington by attorneys for Renovatio LLC. The complaint relates to claim of monies owing arising from (i) a breach of payment for services rendered by Healy, (ii) stipend and expense reimbursement claims of Healy, (iii) 20% ownership interest in Asia Plan Ltd allegedly owed to Healy, and (iv) loans made by Healy for the Falling Water project owned by the subsidiary. The Company and Capri believe that the claims are erroneously made and without merit.

Based on currently available information, we are unable to obtain sufficient appropriate audit evidence to determine whether any provision for additional liabilities is necessary for the all above claims in respect of the financial year ended 30 April 2020.

5. Investment in subsidiary

In the previous financial year, we were unable to obtain sufficient appropriate audit evidence to ascertain the appropriateness on the recoverable amount of the Company's investment in ESA Electronics Pte. Ltd. ("ESA") as at 30 April 2019. As disclosed in Note 13 to the financial statements, the net carrying amount of the Company's investment in ESA as at 30 April 2019 amounted to \$5,310,000, after deducting accumulated impairment loss of \$16,725,000. Consequently, we were unable to satisfy ourselves as to whether additional impairment loss or a reversal of impairment loss should be recognised in the current financial year or previous financial year ended 30 April 2019. Our opinion on the current financial year's financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3.1 to the financial statements with respect to the Group's and the Company's ability to continue as going concerns. The Group's and the Company's current liabilities exceeded the current assets by \$7,096,000 (2019: \$13,846,000) and \$5,640,000 (2019: \$5,591,000) respectively. In addition, the COVID-19 pandemic has brought about uncertainties to the Group's and the Company's operating environments as disclosed in Note 35 to the financial statements. These conditions give rise to material uncertainties on the ability of the Group and Company to continue as going concerns.

Nevertheless, in the preparation of the financial statements, the Board of Directors of the Company believes that the use of going concern assumption is appropriate after taking into consideration the factors as disclosed in Note 3.1 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RENAISSANCE UNITED LIMITED

Report on the Audit of the Financial Statements (cont'd)

Material Uncertainty Related to Going Concern (cont'd)

The financial statements did not include any adjustments that may result in the event that the Group and the Company are unable to continue as going concerns. In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to realise their assets and discharge their liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. No such adjustments have been made to the financial statements.

Our opinion is not modified in respect of this matter.

Other Matter

We draw your attention to Note 32 to the financial statements, which describes the investigations by the Commercial Affairs Department, Singapore Police Force ("CAD"). As investigations against persons who may have facilitated the offences are still ongoing, there exists an uncertainty, the outcome of which is unknown, may have an impact on the Group's ongoing business operations. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the directors' statement and the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Because of the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, we are unable to conclude whether or not the other information is materially misstated with respect to the matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for Qualified Opinion* and *Material Uncertainty Related to Going Concern* sections, we have determined the matter described below to be the key audit matter to be communicated in our report.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RENAISSANCE UNITED LIMITED

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Impairment assessment on intangible assets and property, plant and equipment

At 30 April 2020, the carrying amounts of the Group's intangible assets and property, plant and equipment amounted to \$22,774,000 (2019: \$23,458,000) and \$74,890,000 (2019: \$74,807,000) respectively, which represent 73.2% (2019: 73.0%) of total assets of the Group's consolidated statement of financial position.

The assessment of the carrying amount of these assets requires management to exercise judgement in identifying existence of any indicators of impairment. When such indicators are identified, management exercises further judgement in making an estimate of the recoverable amount of these assets against which to compare their carrying amounts. The recoverable amount of these assets is based on fair value less cost to sell, determined based on valuation performed by an independent firm of professional valuers using a market-based approach. The estimation is based on management's views of variables such as enterprise value divided by earnings before interest, tax, depreciation and amortisation ("EV/EBITDA") multiple, control premium and marketability discount as disclosed in Note 3 to the financial statements. In addition, the COVID-19 pandemic has brought about uncertainties to the Group's operating environments, which may affect the carrying amounts of the intangible assets and property, plant and equipment.

Our audit procedures included (a) assessed the methodology adopted for the fair value less cost to sell; (b) corroborated EV/EBITDA multiple, control premium and marketability discount assumptions used in the valuation to market data; (c) recalculating the earnings before interest, tax, depreciation and amortisation used in the model; (d) checked the mathematical accuracy of the model; (e) assessing the objectivity, competency and capability of the external expert; and (f) assessing the adequacy of disclosures made in the financial statements.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RENAISSANCE UNITED LIMITED

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RENAISSANCE UNITED LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tay Guat Peng.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

11 November 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 April 2020

	Note	2020 \$'000	Restated 2019 \$'000
Revenue	4	52,478	62,996
Other items of income			
Interest income		176	159
Other income	5	3,258	1,809
		3,434	1,968
Operating expenses			
Changes in inventories		(1,118)	(1,063)
Raw materials and consumables used		(36,372)	(45,299)
Amortisation of intangible assets	11	(1,413)	(1,346)
Depreciation of property, plant and equipment	12	(4,600)	(3,395)
Fair value loss of financial assets, at fair value through profit or loss	18	(3)	(62)
Impairment loss of trade and other receivables		–	(2,782)
Impairment loss of convertible loan	14	(81)	(81)
Loss from derecognition of subsidiary	13(b)	–	(16,233)
Employee benefits expenses	6	(6,437)	(6,948)
Finance costs	7	(1,326)	(829)
Lease expenses		(203)	(488)
Other expenses		(3,554)	(3,237)
Total expenses		(55,107)	(81,763)
Profit/(loss) before income tax	8	805	(16,799)
Income tax (expense)/credit	9	(644)	855
Profit/(loss) for the financial year		161	(15,944)
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations arising from consolidation		(1,429)	(961)
Reclassification of exchange differences on translation of foreign operations due to derecognition of subsidiary upon loss of control		–	(1,018)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations arising from consolidation		(10)	(897)
Other comprehensive loss for the financial year, net of tax		(1,439)	(2,876)
Total comprehensive loss for the financial year		(1,278)	(18,820)
Profit/(loss) attributable to:			
Equity holders of the Company		(131)	(16,769)
Non-controlling interests		292	825
		161	(15,944)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(1,560)	(18,748)
Non-controlling interests		282	(72)
		(1,278)	(18,820)
Loss per share for loss attributable to equity holders of the Company			
Basic and diluted (in cents)	10	(0.002)	(0.271)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 30 April 2020

	Note	Group			Company	
		30.4.2020 \$'000	Restated 30.4.2019 \$'000	Restated 1.5.2018 \$'000	30.4.2020 \$'000	Restated 30.4.2019 \$'000
Non-current assets						
Intangible assets	11	22,774	23,458	23,698	-	-
Property, plant and equipment	12	74,890	74,807	74,573	2	5
Investments in subsidiaries	13	-	-	-	48,508	52,808
Trade and other receivables	17	410	527	331	-	-
Convertible loan	14	-	-	-	-	-
Deferred tax assets	23	465	487	979	-	-
		98,539	99,279	99,581	48,510	52,813
Current assets						
Inventories	15	1,541	1,596	2,660	-	-
Development property	16	11,880	10,543	10,131	-	-
Trade and other receivables	17	7,584	11,428	14,870	494	513
Financial assets, at fair value through profit or loss	18	518	521	583	502	502
Cash and cash equivalents	19	13,273	11,225	8,490	6	141
		34,796	35,313	36,734	1,002	1,156
Total assets		133,335	134,592	136,315	49,512	53,969
Non-current liabilities						
Borrowings	22	14,150	6,569	10,018	-	-
Deferred tax liabilities	23	5,693	5,864	7,823	-	-
		19,843	12,433	17,841	-	-
Current liabilities						
Trade and other payables	20	15,781	20,499	22,091	6,614	6,523
Deferred income		10	-	-	10	-
Provisions	21	141	248	94	18	104
Finance lease liabilities		-	-	2	-	-
Current income tax payable		702	933	793	-	-
Borrowings	22	11,240	13,697	10,341	-	120
Contract liabilities	24	14,018	13,782	8,868	-	-
		41,892	49,159	42,189	6,642	6,747
Total liabilities		61,735	61,592	60,030	6,642	6,747
Net assets		71,600	73,000	76,285	42,870	47,222
Equity						
Share capital	25	265,811	265,811	265,811	265,811	265,811
Other reserves	26	(20,378)	(18,950)	(19,735)	1,961	1,961
Accumulated losses		(189,110)	(188,979)	(172,210)	(224,902)	(220,550)
Equity attributable to equity holders of the Company		56,323	57,882	73,866	42,870	47,222
Non-controlling interests		15,277	15,118	2,419	-	-
Total equity		71,600	73,000	76,285	42,870	47,222

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 April 2020

	Share capital \$'000	Foreign exchange translation reserve \$'000	Capital reduction reserve \$'000	Equity-NCI \$'000	Accumulated losses \$'000	Equity attributable to equity holders of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Group								
Balance at 1 May 2019								
- As previously reported	265,811	(15,665)	1,961	(4,521)	(207,298)	40,288	15,118	55,406
Prior year adjustment on impairment loss of intangible assets and related tax impact	-	6	-	-	17,588	17,594	-	17,594
Prior year adjustment on share-based payment reserve [Note 26(c)]	-	-	-	(731)	731	-	-	-
Balance at 1 May 2019 (restated)	265,811	(15,659)	1,961	(5,252)	(188,979)	57,882	15,118	73,000
(Loss)/profit for the financial year	-	-	-	-	(131)	(131)	292	161
Other comprehensive loss for the financial year								
Exchange differences on translation of foreign operations	-	(1,429)	-	-	-	(1,429)	(10)	(1,439)
Total other comprehensive loss for the financial year	-	(1,429)	-	-	-	(1,429)	(10)	(1,439)
Total comprehensive (loss)/income for the financial year	-	(1,429)	-	-	(131)	(1,560)	282	(1,278)
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	(122)	(122)
Transactions with non-controlling interests	-	-	-	1	-	1	(1)	-
Balance at 30 April 2020	265,811	(17,088)	1,961	(5,251)	(189,110)	56,323	15,277	71,600

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 April 2020

	Share capital \$'000	Foreign exchange translation reserve \$'000	Capital reduction reserve \$'000	Equity-NCI \$'000	Accumulated losses \$'000	Equity attributable to equity holders of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Group								
Balance at 1 May 2018								
- As previously reported	265,811	(13,680)	1,961	(7,285)	(172,941)	73,866	2,419	76,285
Prior year adjustment on share-based payment reserve [Note 26(c)]	-	-	-	(731)	731	-	-	-
Balance at 1 May 2018 (restated)	265,811	(13,680)	1,961	(8,016)	(172,210)	73,866	2,419	76,285
(Loss)/profit for the financial year	-	-	-	-	(16,769)	(16,769)	825	(15,944)
Other comprehensive loss for the financial year								
Exchange differences on translation of foreign operations	-	(961)	-	-	-	(961)	(897)	(1,858)
Reclassification due to derecognition of subsidiary	-	(1,018)	-	-	-	(1,018)	-	(1,018)
Total other comprehensive loss for the financial year	-	(1,979)	-	-	-	(1,979)	(897)	(2,876)
Total comprehensive loss for the financial year	-	(1,979)	-	-	(16,769)	(18,748)	(72)	(18,820)
<i>Changes in ownership interests in a subsidiary</i>								
Reclassification due to derecognition of subsidiary	-	-	-	2,767	-	2,767	13,183	15,950
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	(415)	(415)
Transactions with non-controlling interests	-	-	-	(3)	-	(3)	3	-
Balance at 30 April 2019 (restated)	265,811	(15,659)	1,961	(5,252)	(188,979)	57,882	15,118	73,000

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 April 2020

	Share capital \$'000	Capital reduction reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Company				
Balance at 1 May 2018	265,811	1,961	(203,945)	63,827
Loss and total comprehensive loss for the financial year (restated)	–	–	(16,605)	(16,605)
Balance at 30 April 2019 (restated)	265,811	1,961	(220,550)	47,222
Balance at 1 May 2019 - As previously reported	265,811	1,961	(255,550)	12,222
Prior year adjustment on impairment on cost of investment in a subsidiary	–	–	35,000	35,000
Balance at 1 May 2019 (restated)	265,811	1,961	(220,550)	47,222
Loss and total comprehensive loss for the financial year	–	–	(4,352)	(4,352)
Balance at 30 April 2020	265,811	1,961	(224,902)	42,870

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 April 2020

	2020	Restated 2019
Note	\$'000	\$'000
Cash flows from operating activities		
Profit/(loss) before income tax	805	(16,799)
Adjustments for:		
Impairment loss of trade and other receivables and convertible loan, net	54	2,863
Loss from derecognition of subsidiary	–	16,233
Write-back of other creditors and accrued expenses	–	(295)
Other receivables written off	140	3
Property, plant and equipment written off	400	1
Amortisation of intangible assets	1,413	1,346
Depreciation of property, plant and equipment	4,600	3,395
Gain on disposal of property, plant and equipment	(2)	(87)
Interest expenses	1,212	804
Interest income	(176)	(159)
Interest expenses on lease liabilities	57	–
Provisions made during the financial year	141	233
Fair value loss on financial assets, at fair value through profit or loss	3	62
Unrealised foreign exchange gain	(2,025)	(1,218)
Operating cash flows before working capital changes	6,622	6,382
Changes in working capital:		
Inventories	56	1,064
Development property	(943)	(121)
Trade and other receivables	3,749	355
Trade and other payables and contract liabilities	845	4,062
Provisions	(248)	(85)
Cash generated from operations	10,081	11,657
Interest received	95	58
Interest paid on bank overdrafts	(63)	(24)
Net income tax paid	(1,242)	(725)
Net cash generated from operating activities	8,871	10,966
Cash flows from investing activities		
Addition of intangible assets	11 –	(505)
Net cash outflow due to derecognition of subsidiary	13(b) –	(14)
Purchase of property, plant and equipment	12 (10,111)	(7,188)
Proceeds from disposals of property, plant and equipment	723	185
Net cash used in investing activities	(9,388)	(7,522)
Cash flows from financing activities		
Proceeds from borrowings	22(h) 7,690	2,636
Dividends paid to non-controlling interests of a subsidiary	(122)	(415)
Repayments of borrowings	22(h) (2,660)	(3,144)
Repayments of lease liabilities/finance leases	22(h) (319)	(2)
Interest paid on borrowings	22(h) (1,149)	(764)
Interest paid on lease liabilities	22(h) (57)	–
Net cash generated from/(used in) financing activities	3,383	(1,689)
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of the financial year	2,866	1,755
Effects of exchange rate changes on cash and cash equivalents	5,980	4,284
	87	(59)
Cash and cash equivalents at end of the financial year	19 8,933	5,980

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General corporate information

The Company (Co. Reg. No. 199202747M) is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is at 16 Kallang Place, #05-10/18 Kallang Basin, Industrial Estate, Singapore 339156.

The Company is listed on the main board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the Company are those of an investment holding company and performing the functions of the corporate headquarter of the Company and its subsidiaries (the "Group").

The principal activities of the significant subsidiaries are disclosed in Note 13.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company, are presented in Singapore dollar ("SGD") (rounded to the nearest thousand (\$'000) except when otherwise stated), and have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and current borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

2. Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

New and revised standards

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company except as disclosed below:

SFRS(I) 16 Leases

When the Group and the Company are the lessee

SFRS(I) 16 replaces the existing SFRS(I) 1-17 *Leases* for financial periods beginning 1 January 2019. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short-term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge on right-of-use asset and interest expense on lease liability.

On adoption of SFRS(I) 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "Operating Leases" under SFRS(I) 1-17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 May 2019. The Group's weighted average incremental borrowing rate applied to the lease liabilities on 1 May 2019 was 3.00% per annum.

	Group 2020 \$'000
Operating lease commitments disclosed as at 30 April 2019 (Note 28)	762
Less: discounted using the weighted average incremental borrowing rate	(13)
Less: short-term leases recognised on a straight-line basis as an expense	(42)
Less: adjustments relating to changes in lease payments	(372)
Lease liabilities recognised as at 1 May 2019	335

In applying SFRS(I) 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- account for operating leases with a remaining lease term of less than 12 months as at 1 May 2019 as short-term leases;
- use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- account for any lease and associated non-lease component as a single arrangement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

2. Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

New and revised standards (cont'd)

SFRS(I) 16 Leases (cont'd)

When the Group and the Company are the lessee (cont'd)

The associated right-of-use assets were measured at the amount equal to the lease liability (adjusted for any prepaid or accrued lease payment) on adoption. Arising from the adoption of SFRS(I) 16, right-of-use assets and corresponding lease liabilities of \$335,000 were recognised on the consolidated statement of financial position on 1 May 2019. The effects of adoption of SFRS(I) 16 on the Group's financial statements on 1 May 2019 are summarised as follows:

	Increase
	Group
	2020
	\$'000
Property, plant and equipment	335
Lease liabilities	335

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 30 April 2020 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary company. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

2. Summary of significant accounting policies (cont'd)

2.2 Basis of consolidation (cont'd)

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2.10. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary company, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to equity holders of the Company.

When a change in the Company's ownership interest in a subsidiary company results in a loss of control over the subsidiary company, the assets and liabilities of the subsidiary company including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated losses if required by a specific FRSs.

Any retained equity interest in the previous subsidiary company is remeasured at fair value at the date that control is lost. The difference between the carrying amounts of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

2. Summary of significant accounting policies (cont'd)

2.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.4 Revenue recognition

Revenue is measured based on the consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to the customer.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the goods or consume the service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Sale of goods

The Group trades in semi-conductor parts. Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Revenue from these sales is recorded based on the contracted price less the estimated returns at the time of sale. Past experience and projections are used to estimate the anticipated returns, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognised for expected returns from customers. Sales to customers are made with a credit term of 60 to 90 days, which is consistent with market practice. No element of financing is deemed present. The Group's obligation to make good faulty products under the standard warranty terms is recognised as a provision. Provision for estimated warranty claims is made for products sold which are still under warranty at the end of the reporting period. The claims are expected to be settled in the next financial year.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

Revenue from service orders

Revenue from service orders and term projects is recognised when the Group satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions, revenue is recognised as the services are provided.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

2. Summary of significant accounting policies (cont'd)

2.4 Revenue recognition (cont'd)

Natural gas installation and connection

Revenue from natural gas installation and connection is recognised at a point in time, when the installation and connection services are rendered.

The customers are required to pay in advance for the full contract amount. If the services are not rendered by the Group, a contract liability is recognised (Note 24).

Natural gas delivery and usage

Revenue from delivery and usage of natural gas is recognised over time when the performance obligation is satisfied, as the customer simultaneously receives and consumes the benefits provided by the Group. This is based on the consumption derived from meter readings. A contract liability is recognised for advance payments received from customers, i.e. in the form of prepaid cards, where delivery and usage has not taken place as at the end of the reporting period.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.5 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

2.6 Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

2.7 Employee benefits

Pension obligations

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations, namely in Singapore and People's Republic of China ("PRC"). The contributions to these schemes are charged to the profit or loss in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

2. Summary of significant accounting policies (cont'd)

2.7 Employee benefits (cont'd)

Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for annual leave is recognised for services rendered by employees up to the end of the financial year.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.8 Income taxes

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

2. Summary of significant accounting policies (cont'd)

2.9 Foreign currency transactions and translation

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements of the Group and the Company are presented in Singapore dollar, which is the Company’s functional currency.

Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities’ financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group’s presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities are translated at the closing rates at the end of the reporting period;
- (b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (c) All resulting exchange differences are recognised in the foreign exchange translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the foreign exchange translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

2. Summary of significant accounting policies (cont'd)

2.10 Intangible assets

Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of subsidiaries, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets acquired separately

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful life and amortisation method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

Distribution, licensing, exploration and extraction rights

Distribution, licensing, exploration and extraction rights acquired through business combinations which have finite useful lives are amortised on a straight-line basis over their useful lives which represent the period of contractual rights as follows:

	Years
Distribution and licensing rights	28
Exploration and extraction rights	22

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

2. Summary of significant accounting policies (cont'd)

2.10 Intangible assets (cont'd)

Intangible assets acquired separately (cont'd)

Intellectual rights

Intellectual rights refer to the rights obtained for the design or manufacture of certain equipment. It has indefinite use and therefore is not amortised.

Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over the lease term of 30 years.

2.11 Property, plant and equipment

Property, plant and equipment are initially recorded at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation for property, plant and equipment other than construction in progress is provided on a straight-line basis so as to allocate their depreciable amounts over their estimated useful lives as follows:

	Years
Leasehold building	30
Office equipment	3 to 5
Plant and equipment	2 to 30
Motor vehicles	3 to 5

Offices and premises are amortised over the lease term of 3 to 4 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

2. Summary of significant accounting policies (cont'd)

2.11 Property, plant and equipment (cont'd)

Construction in progress, which represents plant and equipment pending installation, is stated at cost less impairment loss, and is not depreciated. Cost comprises direct costs incurred during the periods of construction, installation and testing, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies. Construction in progress is reclassified to the appropriate category of plant and equipment and depreciation commences when the construction work is completed and the asset is ready for use.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

2.12 Impairment of non-financial assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of intangible assets (other than goodwill), property, plant and equipment and investments in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

2. Summary of significant accounting policies (cont'd)

2.13 Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition.

Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss ("FVTPL").

The classification is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments

Debt instruments include trade and other receivables (excluding prepayments, advance payment for construction of plant and equipment and goods and services tax recoverable, net) and cash and cash equivalents. The subsequent measurement category is depending on the Group's business model for managing the asset and cash flow characteristics of the asset:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

2. Summary of significant accounting policies (cont'd)

2.13 Financial assets (cont'd)

Subsequent measurement (cont'd)

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Fair value through profit or loss ("FVTPL")

Debts instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or fair value to other comprehensive income ("FVOCI") are classified as FVTPL. Movements in fair values and interest income are recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other income or expenses". On disposal of an equity investment classified as FVTPL, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss. Dividends from equity investments are recognised in profit or loss and presented in "Other items of (expenses)/income".

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

2. Summary of significant accounting policies (cont'd)

2.13 Financial assets (cont'd)

Impairment (cont'd)

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at reporting date. The Group based on its historical credit loss experience, adjusts as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.14 Financial liabilities

Financial liabilities include trade and other payables (excluding provision for unutilised annual leave and advance payments received from customers), lease liabilities and borrowings. Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2.15 Inventories

Saleable merchandise

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a "weighted-average" basis. The cost of finished goods comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress includes cost of direct material, labour and an appropriate portion of production overhead expenditure. Net realisable value represents the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

When necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

2. Summary of significant accounting policies (cont'd)

2.16 Development properties

Development properties are properties held or developed for sale in the ordinary course of business. Development properties that are unsold are measured at lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Net realisable value represents the estimated selling price less cost to complete and costs to be incurred in selling the properties.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise demand deposits, cash and bank balances and short term highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of change in value. For the purposes of presentation in the consolidated statement of cash flows, cash and cash equivalents also includes bank overdraft and excludes any pledged deposits. In the statement of financial position, bank overdrafts are presented within borrowings under current liabilities.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.19 Leases

The accounting policy for leases before 1 May 2019 is as follows:

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance leases is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

2. Summary of significant accounting policies (cont'd)

2.19 Leases (cont'd)

Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

The accounting policy for leases after 1 May 2019 is as follows:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is presented as within "borrowings" in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

2. Summary of significant accounting policies (cont'd)

2.19 Leases (cont'd)

The accounting policy for leases after 1 May 2019 is as follows (cont'd):

Lease liabilities (cont'd)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, such as a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within "property, plant and equipment" in the statements of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.12.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has applied this practical expedient to all its leases.

2.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors for making decisions about allocating resources and assessing performance of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

2. Summary of significant accounting policies (cont'd)

2.21 Related parties

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. The transactions are entered on terms agreed by the parties concerned.

2.22 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.23 Share capital

Proceeds from issuance of ordinary shares of the Company are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares of the Company are deducted against share capital.

2.24 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the financial year. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Critical judgement made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Going concern assumption

The Group's and the Company's current liabilities exceeded the current assets by \$7,096,000 (2019: \$13,846,000) and \$5,640,000 (2019: \$5,591,000) respectively. In addition, the COVID-19 pandemic has brought about uncertainties to the Group's and the Company's operating environments as disclosed in Note 35. These conditions give rise to material uncertainties on the ability of the Group and Company to continue as going concerns.

The Board of Directors of the Company are of the view that the going concern assumption is appropriate for the preparation of these financial statements based on the following assessment on the Group's major segments. Meanwhile, the Company is seeking to resolve its legacy issues with the SGX-ST to enable fund raisings such as the proposed share allotment mandate.

(a) Capri Investments L.L.C. ("Capri")

On 21 May 2020, Capri requested that the Hearing Examiner grant a 24th Year Extension for the Falling Water Plat/Planned Development District ("PDD"). In conjunction with the 24th Year Extension, Capri further requested that the Hearing Examiner modify the two Milestone Condition deadlines set for 15 July as detailed below, but without altering the overall 15 July 2023 final milestone date for the project. The reasons for the requested modification of the 15 July 2020 submittal deadlines are (1) to accommodate project development requirements and (2) the impact of the ongoing COVID-19 pandemic on development of the Falling Water project. The Extension was granted on 15 July 2020.

On 2 November 2020, the Group closed on the partial sale of its Falling Water Plat/PPD to a third party for US\$8,030,000 (approximately \$10,978,000). Capri has received the initial Net payment of US\$3,619,000 (approximately \$4,948,000) on the same day.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

3.1 Critical judgement made in applying accounting policies (cont'd)

Going concern assumption (cont'd)

- (b) Hubei Zonglianhuan Energy Investment Management Inc. ("HZLH")

Due to the up-front capital required for gas network infrastructure, HZLH does have significant borrowings from local financial institutions. PRC has already reduced interest rates with cuts being passed on to HZLH. HZLH has good rapport with the local governments and its banks. Its banks are unlikely to "call in" loans without a long notice period as this may cause disruption to civic services.

Banks in the PRC do recognise such concession type arrangements as it is an increasing popular way for local governments to fund infrastructure projects. As such, the maturing principals due within 12 months can be successfully negotiated for further repayment terms with a longer tenure. The majority of short-term debt obligations are secured in nature either by cash or by property, plant and equipment collaterals. The Board believes the operational cash flow is sufficient to meet payments when they fall due.

The natural gas industry itself is undergoing significant reform which should result in further efficiencies in the grid and improve the supply and margins.

For these reasons, the financial statements have been prepared on the assumptions that the Group and the Company will continue as going concerns. The financial statements did not include any adjustments that may result in the event that the Group and the Company are unable to continue as going concerns. In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to realise their assets and discharge their liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

Deferred income tax assets

The Group recognises deferred income tax assets on carried forward tax losses to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised and that the Group is able to satisfy the continuing ownership test.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. The carrying value of deferred tax asset recognised and the unrecognised tax losses of the Group at 30 April 2020 are disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of non-financial assets

The Group and the Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

In determining the recoverable amount, the fair value less cost to sell ("FVLCS") of HZLH is determined based on valuation performed by an independent firm of professional valuers. The FVLCS of Capri is determined based on the valuation of its development property and net assets. The details are disclosed in Note 13.

Any changes to the expected fair value of the underlying assets and multiples will affect the carrying amount of assets.

As at 30 April 2020, the carrying amounts of intangible assets, property, plant and equipment and investment in subsidiaries are disclosed in Notes 11, 12 and 13.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 2 to 30 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets. Therefore, future depreciation charges could be revised. The carrying values of the Group's and the Company's property, plant and equipment at the end of the financial year were disclosed in Note 12.

Net realisable value of inventories and development property

In determining the net realisable value of the Group's inventories and development property, an estimation of the realisable value of inventories on hand and recoverable amount of development property is performed based on the most reliable evidence available at the time the estimates are made. This represents the value of the inventories and development property which are expected to realise as estimated by management. These estimates take into consideration the fluctuations of price or cost, or any inventories on hand and development property that may not be realised, directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the financial year. The carrying values of the Group's inventories and development property at the end of the financial year were disclosed in Notes 15 and 16 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables. Details of ECL measurement and carrying value of trade receivables at reporting date are disclosed in Notes 17 and 30.

Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. At the end of the financial year, the Group's current income tax payable and deferred tax liabilities were \$702,000 (2019: \$933,000) and \$5,693,000 (2019: \$5,864,000) respectively. The Group's deferred tax assets were \$465,000 (2019: \$487,000) at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

4. Revenue

The following table provides a disaggregation disclosure of the Group's revenue by primary geographical market, major product lines and timing of revenue recognition:

2020	Property development \$'000	Gas distribution \$'000	Electronics and trading \$'000	Total \$'000
Primary geographical markets				
Singapore	–	–	3,867	3,867
PRC	–	39,348	4,688	44,036
Taiwan	–	–	3,016	3,016
USA	–	–	518	518
Others	–	–	1,041	1,041
	–	39,348	13,130	52,478
Major product lines				
Semi-conductor components	–	–	13,130	13,130
Gas installation and connection	–	12,187	–	12,187
Gas delivery and usage	–	27,161	–	27,161
	–	39,348	13,130	52,478
Timing of revenue recognition				
At a point in time	–	–	13,130	13,130
Over time	–	39,348	–	39,348
	–	39,348	13,130	52,478
2019				
Primary geographical markets				
Singapore	–	–	4,799	4,799
PRC	–	40,072	4,335	44,407
Taiwan	–	–	10,210	10,210
Philippines	–	–	114	114
USA	95	–	951	1,046
Others	–	–	2,420	2,420
	95	40,072	22,829	62,996
Major product lines				
Semiconductor components	–	–	22,829	22,829
Gas installation and connection	–	10,383	–	10,383
Gas delivery and usage	–	29,689	–	29,689
Others	95	–	–	95
	95	40,072	22,829	62,996
Timing of revenue recognition				
At a point in time (restated)	–	–	22,829	22,829
Over time (restated)	95	40,072	–	40,167
	95	40,072	22,829	62,996

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

4. Revenue (cont'd)

	Group	
	2020	2019
	\$'000	\$'000
Revenue recognised during the financial year from:		
Amounts included in contract liabilities at the beginning of the financial year (Note 24)	13,782	8,868

Management expects that \$14,018,000 (2019: \$13,782,000) of the advance payments from customers as at the end of reporting period will be recognised as revenue during the next reporting period.

5. Other Income

	Group	
	2020	2019
	\$'000	\$'000
Foreign exchange gain, net	2,357	1,370
Gain on disposal of property, plant and equipment	2	87
Job support scheme	586	–
Government grants	32	–
Commission income	13	–
Rental income	138	–
Sundry income	103	57
Write-back of other payables and accrued expenses	–	295
Others	27	–
	3,258	1,809

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

6. Employee benefits expenses

	Group	
	2020	2019
	\$'000	\$'000
<i>Key management personnel*</i>		
Short-term employee benefits	687	701
Defined contribution plans	28	30
	715	731
<i>Other staff</i>		
Short-term employee benefits	5,325	5,770
Defined contribution plans	397	447
	6,437	6,948
* Comprise amounts paid to:		
<i>Directors of the Company</i>		
- Remuneration, allowances and bonuses	100	182
<i>Directors of subsidiaries</i>		
- Remuneration, allowances and bonuses	290	203
- Defined contribution plan expenses	14	16
<i>Other key management personnel ("KMP")</i>		
- Salaries, allowances and bonuses	297	316
- Defined contribution plan expenses	14	14
	715	731

7. Finance costs

	Group	
	2020	2019
	\$'000	\$'000
Interest expenses		
- lease liabilities	57	-
- bank borrowings	1,064	764
- bank overdrafts	63	24
- loan from KMP	81	-
- loan from third party	4	16
- other bank charges	57	25
	1,326	829

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

8. Profit/(loss) before income tax

	Group	
	2020	2019
	\$'000	\$'000
Profit/(loss) before income tax is arrived at after charging/(crediting) the following:		
Audit fees		
- auditor of the Company	141	125
- other auditors	131	122
Non-audit fees		
- auditor of the Company	10	10
- other auditors	29	(1)
Provision for Directors' fees		
- Directors of the Company	47	96
- Directors of a subsidiary*	36	36
General repair and maintenance	297	351
Professional and consultancy fees	1,135	1,082
Travelling expenses	314	301
Utilities	309	457
Safety production expenses	226	9

* 3 directors of a subsidiary are also directors/former directors of the Company.

9. Income tax expense/(credit)

	Group	
	2020	Restated 2019
	\$'000	\$'000
Income tax expense/(credit) for the financial year consist of:		
Current income tax		
- current year	994	827
- overprovision in prior years	-	(3)
- withholding tax	-	43
	994	867
Deferred tax assets (Note 23)		
- current year	19	453
Deferred tax liabilities (Note 23)		
- current year	(369)	(2,175)
	644	(855)

Domestic income tax is calculated at 17% (2019: 17%) of the estimated assessable profit for the financial year. The Group's subsidiaries in PRC are subject to corporate income tax rate of 25% (2019: 25%). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

9. Income tax expense/(credit) (cont'd)

The income tax expense/(credit) varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2019: 17%) to profit/(loss) before income tax as a result of the following differences:

	Group	
	2020	Restated 2019
	\$'000	\$'000
Profit/(loss) before income tax	805	(16,799)
Tax calculated at statutory tax rate of 17%	137	(2,856)
Effect of different tax rates in other countries	121	59
Expenses not deductible for tax purposes	571	2,254
Income not subject to tax	(589)	(478)
Over provision of current income tax	–	(3)
Deferred tax assets not recognised	347	162
Others	57	7
	644	(855)

Unrecognised deferred tax asset

	Group	
	2020	2019
	\$'000	\$'000
At beginning of the financial year	8,708	8,204
Additions	347	81
Utilisation	–	82
Exchange translation difference	(33)	341
At end of the financial year	9,022	8,708

Unrecognised deferred tax asset is attributable to unutilised tax losses.

As at 30 April 2020, the Group has unutilised tax losses of approximately \$46,128,000 (2019: \$44,214,000) which are available to offset against future taxable profit subject to the agreement of the relevant tax authorities and compliance with certain provision of the tax legislation of the respective countries in which the Group operates. The related deferred tax asset has not been recognised in the financial statements due to the unpredictability of future revenue streams.

The unutilised tax losses can be carried forward indefinitely except for those arising from the subsidiaries in the jurisdiction of PRC amounting to \$1,046,000 (2019: \$1,070,000) which can only be utilised to offset against its future taxable profits within five years from the date the tax losses were incurred. The unutilised tax losses in the PRC will expire at various dates up to and including 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

10. Loss per share

The calculation of the basic and diluted loss per share attributable to equity holders of the Company is based on the following data:

	Group	
	2020	Restated 2019
	\$'000	\$'000
Losses		
Loss for the financial year attributable to equity holders of the Company	(131)	(16,769)
Number of shares		
Number of shares	6,180,799,986	6,180,799,986
Weighted average number of ordinary shares in issue	6,180,799,986	6,180,799,986
Loss per share (in cents)		
Basic and diluted	(0.002)	(0.271)

11. Intangible assets

	Intellectual rights \$'000	Distribution and licensing rights \$'000	Exploration and extraction rights \$'000	Land use rights \$'000	Total \$'000
Group					
2020					
Cost					
At 1 May 2019	688	38,270	10,629	1,955	51,542
Exchange translation difference	–	1,349	374	(13)	1,710
At 30 April 2020	688	39,619	11,003	1,942	53,252
Accumulated amortisation and impairment loss					
At 1 May 2019 (previously reported)	688	38,270	10,629	1,955	51,542
Prior year adjustment on impairment loss	–	(21,912)	–	(1,546)	(23,458)
At 1 May 2019 (restated)	688	16,358	10,629	409	28,084
Amortisation	–	1,294	–	119	1,413
Exchange translation difference	–	607	374	–	981
At 30 April 2020	688	18,259	11,003	528	30,478
Representing:					
Accumulated amortisation	–	18,259	2,296	528	21,083
Accumulated impairment loss	688	–	8,707	–	9,395
	688	18,259	11,003	528	30,478
Net carrying amount					
At 30 April 2020	–	21,360	–	1,414	22,774
Remaining useful lives	Indefinite	16 - 20 years	–	16 years	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

11. Intangible assets (cont'd)

	Goodwill \$'000	Intellectual rights \$'000	Distribution and licensing rights \$'000	Exploration and extraction rights \$'000	Land use rights \$'000	Total \$'000
Restated						
Group						
2019						
Cost						
At 1 May 2018	83,801	688	37,202	11,730	1,505	134,926
Additions	-	-	-	-	505	505
Written off	(83,737)	-	-	-	-	(83,737)
Deconsolidation of subsidiary [Note 13(b)]	(64)	-	-	(1,437)	-	(1,501)
Exchange translation difference	-	-	1,068	336	(55)	1,349
At 30 April 2019	-	688	38,270	10,629	1,955	51,542
Accumulated amortisation and impairment loss						
At 1 May 2018	83,801	688	14,656	11,730	353	111,228
Amortisation	-	-	1,276	-	70	1,346
Written off	(83,737)	-	-	-	-	(83,737)
Deconsolidation of subsidiary [Note 13(b)]	(64)	-	-	(1,437)	-	(1,501)
Exchange translation difference	-	-	426	336	(14)	748
At 30 April 2019	-	688	16,358	10,629	409	28,084
Representing:						
Accumulated amortisation	-	-	16,358	2,296	409	19,063
Accumulated impairment loss	-	688	-	8,333	-	9,021
	-	688	16,358	10,629	409	28,084
Net carrying amount						
At 30 April 2019	-	-	21,912	-	1,546	23,458
Remaining useful lives	Indefinite	Indefinite	17 - 21 years	-	17 years	-

Based on management's assessment, the recoverable amount of the HZLH cash-generating unit exceeds its carrying amount as at 30 April 2020 and 2019. Accordingly, there is no indication of further impairment of the Group's intangible assets.

The recoverable amount of the HZLH cash-generating unit has been computed based on the FVLCS, determined based on valuation performed by an independent firm of professional valuers using the guideline publicly-traded comparable method under market-based approach

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

12. Property, plant and equipment

	Leasehold building \$'000	Office equipment \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Construction in progress \$'000	Offices and premises \$'000	Total \$'000
Group							
2020							
Cost							
At 1 May 2019	12,625	1,549	81,015	2,127	5,821	–	103,137
Adoption of SFRS(I) 16	–	–	–	–	–	335	335
Additions	14	103	983	–	3,931	992	6,023
Disposals and written off	(480)	(11)	(199)	(900)	–	–	(1,590)
Reclassification	–	–	5,678	–	(5,678)	–	–
Exchange translation difference	(82)	1	(526)	(13)	(39)	–	(659)
At 30 April 2020	12,077	1,642	86,951	1,214	4,035	1,327	107,246
Accumulated depreciation							
At 1 May 2019	2,895	1,429	22,595	1,411	–	–	28,330
Charge for the financial year	502	74	3,591	98	–	335	4,600
Disposals and written off	–	(8)	–	(461)	–	–	(469)
Exchange translation difference	(10)	(1)	(87)	(7)	–	–	(105)
At 30 April 2020	3,387	1,494	26,099	1,041	–	335	32,356
Net carrying amount							
At 30 April 2020	8,690	148	60,852	173	4,035	992	74,890

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

12. Property, plant and equipment (cont'd)

	Leasehold building \$'000	Office equipment \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
Restated						
Group						
2019						
Cost						
At 1 May 2018	12,790	1,557	74,579	2,595	9,203	100,724
Additions	3,539	36	–	–	2,841	6,416
Disposals and written off	–	(12)	(98)	(258)	–	(368)
Reclassification	(3,252)	–	9,142	–	(5,890)	–
Deconsolidation of subsidiary [Note 13(b)]	–	(23)	–	(136)	–	(159)
Exchange translation difference	(452)	(9)	(2,608)	(74)	(333)	(3,476)
At 30 April 2019	12,625	1,549	81,015	2,127	5,821	103,137
Accumulated depreciation						
At 1 May 2018	2,722	1,451	20,311	1,667	–	26,151
Charge for the financial year	376	17	2,839	163	–	3,395
Disposals and written off	–	(11)	–	(258)	–	(269)
Deconsolidation of subsidiary [Note 13(b)]	–	(21)	–	(136)	–	(157)
Adjustments	(116)	–	101	15	–	–
Exchange translation difference	(87)	(7)	(656)	(40)	–	(790)
At 30 April 2019	2,895	1,429	22,595	1,411	–	28,330
Net carrying amount						
At 30 April 2019	9,730	120	58,420	716	5,821	74,807

	Office equipment \$'000	Motor vehicles \$'000	Total \$'000
Company			
2020			
Cost			
At 1 May 2019 and 30 April 2020	23	177	200
Accumulated depreciation			
At 1 May 2019	18	177	195
Charge for the financial year	3	–	3
At 30 April 2020	21	177	198
Net carrying amount			
At 30 April 2020	2	–	2

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

12. Property, plant and equipment (cont'd)

	Office equipment \$'000	Motor vehicles \$'000	Total \$'000
Company			
2019			
Cost			
At 1 May 2018	23	435	458
Disposals	–	(258)	(258)
At 30 April 2019	23	177	200
Accumulated depreciation			
At 1 May 2018	14	435	449
Charge for the financial year	4	–	4
Disposals	–	(258)	(258)
At 30 April 2019	18	177	195
Net carrying amount			
At 30 April 2019	5	–	5

At the end of the financial year, the Group had property, plant and equipment with a carrying amount of approximately \$44,616,500 (2019: \$43,773,000) pledged to financial institutions as security for bank borrowings granted to certain subsidiaries (Note 22).

Included in additions are right-of-use assets recognised of \$992,000 (2019: \$Nil). For the purpose of consolidated statement of cash flows, the Group's additions to property, plant and equipment were financed as follows:

	Group	
	2020	Restated 2019
	\$'000	\$'000
Additions of property, plant and equipment	5,031	6,416
Decrease in payable for property, plant and equipment	5,080	772
Cash payments to acquire property, plant and equipment	10,111	7,188

The Group's leasing activities comprise the following:

- (a) The Group leases offices and premises from non-related parties. The leases have an average tenure of between three to four years; and
- (b) The Group leases certain office equipment with contractual terms of 6 months to three years. These leases are either short-term and/or low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The maturity analysis of the lease liabilities is disclosed in Note 30(b)(iii).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

12. Property, plant and equipment (cont'd)

Information about leases for which the Group is a lessee is presented below:

Amounts recognised in statement of financial position

	Group	
	30.4.2020	1.5.2019
	\$'000	\$'000
<u>Carrying amount of right-of-use assets</u>		
Land use rights (Note 11)	1,414	1,546
Offices and premises under leases (Note 12)	992	335
	2,406	1,881
<u>Carrying amount of lease liabilities</u>		
Current	320	
Non-current	688	
	1,008	
		Group
		2020
		\$'000
Additions to right-of-use assets		992
<u>Amounts recognised in profit or loss</u>		
		Group
		2020
		\$'000
<u>Depreciation charge for the financial year</u>		
Land use rights		119
Offices and premises under leases		335
		454
Lease expense not included in the measurement of lease liabilities:		
Lease expense - short-term leases		51
Lease expense - low value assets		152
		57
Interest expense arising from lease liabilities		57

Total cash flows for leases during the financial year amounted to \$579,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

13. Investments in subsidiaries

	Company	
	2020	Restated 2019
	\$'000	\$'000
Unquoted equity shares, at cost	184,793	184,793
Quasi-equity loan	56,804	50,244
	241,597	235,037
Less: Allowance for impairment	(193,089)	(182,229)
Net carrying amount	48,508	52,808

The movement in the allowance for impairment is as follows:

	Company	
	2020	Restated 2019
	\$'000	\$'000
At beginning of the financial year	182,229	165,746
Addition during the financial year	4,300	16,483
Reclassification	6,560	–
At end of the financial year	193,089	182,229

Quasi-equity loan

Quasi-equity loan represents an interest-free loan provided by the Company to its subsidiaries, Excellent Empire Ltd (“EEL”) and Renaissance United Group Sdn. Bhd. (“RUG”), which are not expected to be repaid in the foreseeable future. EEL has in turn invested substantially the proceeds from the quasi-equity loan to expand the operations of natural gas in the PRC.

During the financial year ended 30 April 2020, the Company has reclassified \$6,560,000 (2019: \$Nil) due from RUG as quasi-equity loan. As this amount was fully impaired in prior years, the Company has also reclassified the allowance for impairment accordingly.

Impairment test for investment in subsidiaries

Management has assessed the recoverable amounts of EEL group and ESA Electronics Pte. Ltd. at the end of the financial year based on fair value less costs to sell method.

EEL group

Management performed an impairment test for investment in EEL as this subsidiary had been persistently making losses. The Company's carrying amount of its cost of investment in EEL and quasi-equity loan to EEL as at 30 April 2020 amounted to \$43,197,000 and \$Nil respectively. An impairment loss of \$4,300,000 (2019: \$15,928,000) and \$Nil (2019: \$555,000) has been recognised in profit or loss in the current financial year for its investment in EEL group and its quasi-equity loan to EEL group respectively during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

13. Investments in subsidiaries (cont'd)

EEL group (cont'd)

The recoverable amount of EEL is mainly derived from the recoverable amount of HZLH and its subsidiaries ("HZLH group") and Capri.

The recoverable amount of HZLH group has been computed based on the FVLCS, determined based on valuation performed by an independent firm of professional valuers using the guideline publicly-traded comparable method under market-based approach.

EV/EBITA - where the enterprise value is divided by earnings before interest, tax, depreciation, and amortisation of HZLH group is used. The median EV/EBITDA is adopted from several listed companies with business scopes and operations similar to HZLH group. The arrived equity is adjusted for control premium of 31.9% (2019: 29.9%), and discounted for lack of marketability of 15.8%. The fair value measurement is categorised as a Level 3 fair value inputs to the valuation technique used.

The recoverable amount of Capri is based on valuation of its development property and other entities in EEL group has been computed based on FVLCS. The FVLCS is determined based on the net assets of the respective entities which management had estimated that the book value are fairly comparable at market value which approximates the FVLCS of the entities. The fair value measurement is categorised as a Level 3 fair value inputs to the valuation technique used.

ESA Electronics Pte. Ltd.

The Company's carrying amount of its cost of investment in ESA Electronics Pte. Ltd. ("ESA") as at 30 April 2020 amounted to \$5,310,000. Impairment loss amounted to \$16,725,000 has been recognised in prior years.

During the financial year ended 30 April 2020, management performed an impairment test for investment in ESA. The recoverable amount of investment in ESA has been computed based on the FVLCS, determined based on valuation performed by an independent firm of professional valuers using the guideline publicly-traded comparable method under market-based approach.

EV/Revenue (instead of EV/EBITDA and EV/EBIT) of ESA is used as ESA is loss making for the financial year ended 30 April 2020. The median EV/Revenue is adopted from several listed companies with business scopes and operations similar to ESA, discounted for size of 20.0%. The arrived equity value is discounted for lack of marketability of 20.0%. The fair value measurement is categorised as a Level 3 fair value inputs to the valuation technique used.

Other entities

Management performed an impairment test for the investment in other entities in the Group. The recoverable amount of the remaining entities has been computed based on FVLCS. The FVLCS is determined based on the net assets of the respective entities which management had estimated that the book value are fairly comparable at market value which approximates the FVLCS to sell the entities. The fair value measurement is categorised as a Level 3 fair value inputs to the valuation technique used.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

13. Investments in subsidiaries (cont'd)

(a) Details of significant subsidiaries held by the Company are as follows:

Name of subsidiary	Principal activities	Country of incorporation and operations	Effective equity interest held by the Group	
			2020 %	2019 %
Ipco Constructors Private Limited ⁽¹⁾	Engineering, construction and warehousing	Singapore	100	100
Friendship Bridge Holding Company Private Limited ⁽¹⁾	Investment securities trading	Singapore	100	100
Nueviz Investment Private Limited ⁽¹⁾	Investment securities trading	Singapore	100	100
ESA Electronics Pte. Ltd. ⁽²⁾	Trading and providing consultancy services in semi-conductor industry	Singapore	81.25	81.25
Ipco International Construction Limited [#]	Dormant	Hong Kong	100	100
Millgate Asia Limited [#]	Dormant	Hong Kong	100	100
Renaissance United Development Sdn. Bhd. [#]	Engineering, construction and infrastructure development	Malaysia	100	100
Renaissance United Group Sdn. Bhd. [#]	Investment holding	Malaysia	100	100
Ambico Sendirian Berhad [#]	Dormant	Brunei	100	100
Ipco-Prebumi (B) Sendirian Berhad [#]	Under liquidation	Brunei	70	70
Ipco Contractors (S.A.) [#]	Dormant	British Virgin Islands	100	100
Excellent Empire Limited ("EEL")	Investment holding	British Virgin Islands	100	100
<i>Held by Ipco Contractors (S.A.):</i>				
Ipco China Gas Pipelines Limited [#]	Dormant	British Virgin Islands	70	70
<i>Held by Renaissance United Group Sdn. Bhd.:</i>				
Gulf Asia Holdings Ltd [#]	Dormant	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

13. Investments in subsidiaries (cont'd)

(a) Details of significant subsidiaries held by the Company are as follows (cont'd):

Name of subsidiary	Principal activities	Country of incorporation and operations	Effective equity interest held by the Group	
			2020 %	2019 %
<i>Held by ESA Electronics Pte. Ltd.:</i>				
ESA Assembly Pte. Ltd. ⁽²⁾	Manufacturers, assemblers, installers, maintainers, repairers of and dealers in electronic components	Singapore	81.25	81.25
<i>Held by Excellent Empire Limited:</i>				
Capri Investment L.L.C.	Residential estate development	United States of America	100	100
China Environmental Energy Protection Investment Limited	Investment holding	Samoa	100	100
Grand Prosper Group Limited(b)	Investment holding	Hong Kong	–	–
<i>Held by China Environmental Energy Protection Investment Limited:</i>				
Hubei Zonglianhuan Energy Investment Management Inc.("HZLH") ^{(3)(c)}	Providing management services	People's Republic of China	65	65
<i>Held by Hubei Zonglianhuan Energy Investment Management Inc.:</i>				
Anlu Jiaxu Natural Gas Company Limited ⁽³⁾	Natural gas distribution	People's Republic of China	65	65
Dawu Jiaxu Natural Gas Company Limited ⁽³⁾	Natural gas distribution	People's Republic of China	65	65
Xiaochang Jiaxu Natural Gas Company Limited ⁽³⁾	Natural gas distribution	People's Republic of China	65	65
Guangshui Zhong Huan Gas Development Co., Ltd ⁽³⁾	Natural gas distribution	People's Republic of China	65	65
Weihai Nanhai Zhong Huan Natural Gas Co., Ltd ^{(3)#}	Dormant	People's Republic of China	58.5	58.5
Hai Yang Zhong Huan Natural Gas Co., Ltd ^{(3)#}	Dormant	People's Republic of China	58.5	58.5
Rushan Zhong Huan Natural Gas Co., Ltd ^{(3)#}	Dormant	People's Republic of China	58.5	58.5
Sino Gas Holdings Pte. Limited [#]	Investment holding	Singapore	58.5	58.5

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

13. Investments in subsidiaries (cont'd)

(a) Details of significant subsidiaries held by the Company are as follows (cont'd):

Name of subsidiary	Principal activities	Country of incorporation and operations	Effective equity interest held by the Group	
			2020 %	2019 %
<i>Held by Anlu Jiaxu Natural Gas Company Limited:</i>				
Anlu Jiaxu Natural Gas WeiHuo Transportation Company Limited ⁽³⁾	Transportation of natural gas	People's Republic of China	65	65

Notes:

(1) Audited by Baker Tilly TFW LLP

(2) Audited by RSM Chio Lim LLP

(3) Audited by BDO China Shu Lun Pan CPAs LLP, People's Republic of China

Not considered as a significant subsidiary as defined under Rule 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited

In accordance with Rule 716 of the Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and the Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

13. Investments in subsidiaries (cont'd)

(b) Grand Prosper Group Limited

The Company, through its wholly-owned subsidiary, EEL, has a 75% equity interest in Grand Prosper Group Limited ("GP"), a Hong Kong registered company. As the directors of GP are Goh Hin Calm, Carlson Clark Smith and Su Xuan, the Company had attempted to change the directors by way of an Extraordinary General Meeting ("EGM") to be held on 17 August 2018. On the date of the EGM, quorum was not met and the EGM was adjourned. Subsequent attempts to reconvene the EGM was unsuccessful.

On 30 April 2019, management has assessed the situation surrounding GP and concluded that the Company has lost control over GP and its subsidiary. Consequently, GP and its subsidiary has been deconsolidated from the Group on that same date.

The assets and liabilities of GP and its subsidiary were as follows:

	Group 2019 \$'000
Assets	
Intangible assets (Note 11)	–
Property, plant and equipment (Note 12)	2
Trade and other receivables	77
Cash and cash equivalents	14
Total assets	<u>93</u>
Liabilities	
Other payables and accruals	(542)
Amount due to EEL	(51,369)
Total liabilities	<u>(51,911)</u>
Foreign exchange translation reserve	(1,018)
Net liabilities derecognised	<u>(52,836)</u>
Loss on derecognition of subsidiary	
Consideration received	–
Net liabilities derecognised	52,836
Non-controlling interests derecognised	(13,183)
Equity - NCI derecognised	(2,767)
Impairment of amount due from derecognised subsidiary	(51,369)
Amount due to derecognised subsidiary	(1,750)
Loss from derecognition of subsidiary	<u>(16,233)</u>
Net cash outflow due to derecognition of subsidiary	<u>(14)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

13. Investments in subsidiaries (cont'd)

- (c) Dilution of interests in a subsidiary without loss of control

2018

The equity ownership of HZLH by the Group is determined to be 65% following investigation done by the current Board of Directors (the "Board") in connection with the sale of HZLH shares by China Environmental Energy Protection Investment Limited ("CEEP") in March 2015 to Xiaogan He Shun Investment Management Centre LLP ("He Shun"), a limited partnership formed by key employees of HZLH. Based on the legal advice obtained, the Group's ownership of HZLH is stated at 65% and not 85% as previously reported.

The Board reviewed the agreements, resolutions and legal advice relating to the previously referred Employee Share Scheme ("ESS"). The Board would like to note the following timeline relating to the ESS:

The Agreements and Amendments between and CEEP and He Shun.

1. On 10 March 2015, CEEP, a fully owned subsidiary of the Group entered into a share disposal agreement with He Shun for 16 million registered capital in HZLH for the consideration of RMB28 million, representing a disposal of 20% equity interest to He Shun. An initial payment of 5% of consideration was to be made within 30 days of execution of the agreement. The shares were transferred on 31 May 2015 before the first payment of RMB1.4 million was made on 1 June 2015 followed by RMB600,000 on 20 January 2016.
2. On 21 May 2015, an amendment was made to the agreement to increase the consideration to RMB28.8 million with the rest of the terms and conditions remaining unchanged.
3. On 21 May 2015, a supplementary agreement was made to the agreement to allot 5 million from the 16 million registered capital of HZLH to its 8* key executives. The balance of 11 million shares under the custody of Mr On Wang Sang who is the General Partner of He Shun will be reserved for future allocation to other HZLH employees.

The CEEP Circular Resolution dated 22 May 2015.

On 22 May 2015, CEEP resolved that a disposal of 6.25% equity interest (RMB5 million) was made to He Shun for the consideration of RMB9 million, which is a RMB4 million premium over the equity interest. The 6.25% equity interest received by He Shun is to be distributed to HZLH's current senior management. A deposit of 5% of consideration is to be paid within 30 days of 22 May 2015 with the balance to be settled within 3 years. The consideration for the disposal of equity interest being RMB1.80 per share, being equivalent to the net asset value per share of HZLH at that time. In this respect, it was resolved that the equity will be held by CEEP (78.75%), Guangzhou City Qiu Sheng Energy Investment Co., Ltd (5%), He Shun (6.25%) and Mr On Wang Sang (10%)**.

Comments by the current Board

CEEP resolution is self-contradicting as its 20% equity of HZLH shares were already disposed to He Shun on 10 March 2015. He Shun is a limited partnership and is not under the control of CEEP. As such, the CEEP resolution has no bearing on the share ownership of He Shun.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

13. Investments in subsidiaries (cont'd)

(c) Dilution of interests in a subsidiary without loss of control (cont'd)

2018 (cont'd)

Declaration of Trust by General Partner of He Shun

On 20 June 2016, Mr On Wang Sang as General Partner of He Shun, declared in a letter to BDO LLP that for the period from 10 March 2015 to 20 June 2016, 11 million shares representing a 13.75% interest of HZLH was held on trust on behalf of CEEP.

This is contrary to the share disposal agreement between He Shun and CEEP in 2015 which stated that the General Partner would hold the unallocated shares in trust for He Shun.

Legal opinion dated 3 August 2016 by Shanghai Shen Da (Wuhan)

On 3 August 2016, the Company received legal advice from Shanghai Shen Da (Wuhan) Law Firm with its key findings below:

- a. The equity transfer from CEEP to He Shun was completed on 31 March 2015. CEEP cannot rely on the letter of trust declaration to claim it owns the shares that have already been disposed to He Shun; and
- b. Under the Share Disposal Agreement, CEEP and He Shun can resolve any monetary dispute on the shares disposed in the Agreement through mediation or court process under the Laws of People's Republic of China.

However, the records that the Board currently has access to may not be complete and as such reserves the right to amend and/or re-state if additional documentation is discovered which provides further clarification on the ESS.

* *2 additional partners (who were not employees of the Group) were also admitted as partners of He Shun, without approval of the then directors/Remuneration Committee.*

** *A 10% equity interest in HZLH was disposed to Mr On Wang Sang for a consideration of RMB14.4 million.*

The effects of dilution of interests in HZLH without loss of control are summarised as follows:

	Group 2018 \$'000
Consideration from sale of HZLH (RMB28,800,000)	6,025
Less: Carrying amount of non-controlling interests	(5,089)
Excess recognised in equity attributable to equity holders of the Company	<u>936</u>

As at 30 April 2018, the balance receivable from He Shun amounting to \$5,606,000 (RMB26,800,000) after off-setting of the deposit of RMB2,000,000 received in 2017. As disclosed in Note 17(c), the balance has been impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

13. Investments in subsidiaries (cont'd)

- (c) Dilution of interests in a subsidiary without loss of control (cont'd)

2018 (cont'd)

Shareholdings in Hubei Zonglianhuan Energy Investment Management Inc. ("HZLH")

The Board has met representatives of He Shun Investment Management Centre LLP ("He Shun") and a key management personnel ("KMP") to whom 30% of the shares in HZLH were disposed of in 2015 with payment falling due in March and May 2018 respectively.

Apart from the initial deposit, no further payments have been received by the Group and as such He Shun and the KMP are in breach of their respective agreements. Under these agreements there is no mechanism by which non-payment shall affect the automatic return of said shares. The Company through its China lawyers has issued letters of demand.

The Board is optimistic that an amicable solution can be found with minimal disruption to the operations of HZLH.

For further information on previously referred Employee Share Scheme please see pages 7 to 9 in the Company's Annual Report for the financial year ended 30 April 2018.

- (d) Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information in relation to the subsidiaries that have non-controlling interests ("NCI") that are material to the Group. The summarised financial information is presented before inter-company eliminations.

	Hubei Zonglianhuan Energy Investment Management Inc. and its subsidiaries		Grand Prosper Group Limited and its subsidiary		ESA Electronics Pte. Ltd. and its subsidiary	
	2020 \$'000	Restated 2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Summarised statements of profit or loss and other comprehensive income						
Revenue	39,348	40,072	-	-	13,130	22,829
Profit/(loss) before income tax	1,987	1,052	-	1,259	(381)	2,789
Income tax expense	(944)	(827)	-	-	-	(450)
Profit/(loss) after income tax	1,043	225	-	1,259	(381)	2,339
Profit/(loss) allocated to NCI	363	72	-	314	(71)	439
Other comprehensive (loss)/income allocated to NCI	(10)	(913)	-	16	-	-
Total comprehensive income/(loss) allocated to NCI	353	(841)	-	330	(71)	439

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

13. Investments in subsidiaries (cont'd)

(d) Summarised financial information of subsidiaries with material non-controlling interests (cont'd)

	Hubei Zonglianhuan Energy Investment Management Inc. and its subsidiaries		Grand Prosper Group Limited and its subsidiary		ESA Electronics Pte. Ltd. and its subsidiary	
	Restated					
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Summarised statements of financial position						
Assets						
Current assets	9,621	7,014	–	–	11,783	13,958
Non-current assets	75,563	76,772	–	–	1,581	591
Liabilities						
Current liabilities	(31,994)	(38,308)	–	–	(5,251)	(6,071)
Non-current liabilities	(13,462)	(6,548)	–	–	(666)	–
Net assets	39,728	38,930		–	7,447	8,478
Accumulated non-controlling interests	13,917	13,637	–	–	1,396	1,590
Summarised statements of cash flows						
Cash flows generated from operating activities	6,154	8,933	–	–	1,395	2,921
Cash flows (used in)/ generated from investing activities	(9,291)	(7,516)	–	–	(24)	11
Cash flows generated from/(used in) financing activities	5,150	(409)	–	–	(1,083)	(2,210)
Net cash inflows	2,013	1,008	–	–	288	722

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

14. Convertible loan

On 25 June 2011, a subsidiary entered into a Convertible Loan Agreement with Hudson Minerals Holdings Pte Ltd (the "Borrower"), to advance the borrower an amount of A\$720,000 (or \$900,000 equivalent) ("Advance") at an interest rate of 9.0% per annum. The Group has the right to convert in part or in full the Advance ("Option"), into ordinary shares at the conversion price of A\$119.45 per ordinary share for a total of 6,028 ordinary shares within forty-eight months after the drawdown date.

If the Group exercises the Option, the equity interest held by the Group will be 3.9% of the total shareholding of the Borrower. Management estimates the carrying value of the convertible loan approximates its fair value. During the financial year ended 30 April 2017, the Group agreed to extend the loan repayment together with interest due to 31 December 2020 with all other terms of the agreement remained unchanged. The principal was impaired before the financial year ended 30 April 2017 and interest receivable on the convertible loan of \$81,000 (2019: \$81,000) were fully impaired during the financial year ended 30 April 2020 based on the recoverability assessment performed by management. The Company's lawyers have written to the Borrower demanding payment in default of the loan agreement. The Board in consultation with its lawyers are assessing further legal options.

Movement in allowance for impairment loss during the financial year:

	Group	
	2020	2019
	\$'000	\$'000
At beginning of the financial year	1,410	1,329
Allowance made during the financial year	81	81
At end of the financial year	1,491	1,410

15. Inventories

	Group	
	2020	2019
	\$'000	\$'000
Work-in-progress	1,386	1,437
Saleable merchandise	155	159
	1,541	1,596

The cost of inventories recognised as an expense and included in "raw materials and consumables used" amounted to \$7,842,000 (2019: \$12,531,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

16. Development property

	Group	
	2020	2019
	\$'000	\$'000
<u>Unsold development property</u>		
Land at cost	10,915	10,422
Development costs	965	121
	11,880	10,543

The development property comprises a parcel of land which is located near the cities of Seattle and Tacoma in the state of Washington, USA and is currently in the planning stage of its next phase of its Falling Water Project.

The Falling Water planned preliminary plat/planned development district ("PDD"), originally approved in 1997, granted Capri entitlements to develop 979 residential lots and non-residential uses subject to conditions set out in a 2003 Major Amendment and yearly extensions of the preliminary plat approval. The development property that Capri has for sale are Tax Parcels which are "sewn together" to form the PDD and are subject to the additional conditions imposed by the Hearing Examiner on 28 March 2018.

On 28 March 2018, the Hearing Examiner released his decision granting the twenty-first annual extension of the preliminary plat, with conditions. The major conditions imposed by the Hearing Examiner are:

- (1) Residential lots capped at 592 units, all of which are for detached single-family homes.
- (2) Compliance timeline for completion of Phases 1-10 of the Preliminary Plat/PDD approval for Falling Water consisting of 261 residential lots; future annual extensions will be granted through buildout as long as compliance with the timeline is achieved.
- (3) Tracts designated for future development shall be evaluated for non-residential uses permitted in the underlying zoning at the time of application. With the extension having been granted, Capri is now focused on completing the engineering work plans required as per the extension approval and compliance timeline, which include boundary and topographic design surveys, design and approval of the large on-site sewerage system and the attendant approval-in-principle from Washington State Department of Health ("DOH").

Developments during the current financial year are as described in Note 3.1(a).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

17. Trade and other receivables

	Group		Company	
	30.4.2020	Restated 30.4.2019	30.4.2020	30.4.2019
	\$'000	\$'000	\$'000	\$'000
<i>Non-current</i>				
Non-trade receivables				
- key management personnel ("KMP") (a)	-	-	-	-
- advance payments for construction of plant and equipment	410	527	-	-
	410	527	-	-
Less: Allowance for impairment	-	-	-	-
Total non-current receivables	410	527	-	-
<i>Current</i>				
Trade receivables				
- third parties (b)	3,459	5,363	-	-
Less: Allowance for impairment	(355)	(369)	-	-
	3,104	4,994	-	-
Non-trade receivables				
- third parties (c)	18,254	20,528	58	41
- KMP (a)	2,723	2,741	-	-
- due from a director (d)	10	7	10	7
Less: Allowance for impairment	(18,911)	(18,742)	(32)	(32)
	2,076	4,534	36	16
Due from subsidiaries (e)	-	-	77,859	83,237
Less: Allowance for impairment	-	-	(77,407)	(82,778)
	-	-	452	459
Goods and services tax recoverable, net	10	15	-	4
Prepayments	2,155	1,481	1	16
Rental, utilities and other deposits	161	376	5	18
Staff advances	78	28	-	-
	2,404	1,900	6	38
Total current receivables	7,584	11,428	494	513
Total trade and other receivables	7,994	11,955	494	513

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

17. Trade and other receivables (cont'd)

- (a) The amount due from KMP, Mr On Wang Sang, arising from consideration receivable from the disposal of HZLH shares by CEEP remains payable. The Directors are in negotiation with Mr On to resolve the outstanding payment. The amount was impaired during the financial year ended 30 April 2019.
- (b) Trade receivables due from third parties are non-interest bearing and generally have credit terms of 30 to 90 days (2019: 30 to 90 days).
- (c) The current non-trade receivables due from third parties included an amount of \$5,606,000 (2019: \$5,606,000) arising from the disposal of 20% equity interest in HZLH to a third party with a payment term of 3 years [Note 26(d)] and expired in 2019. The amount was fully impaired during the financial year ended 30 April 2018 based on the recoverability assessment performed by management.

During the financial year ended 30 April 2019, the Group wrote off the current non-trade receivable due from third parties of \$9,535,000 arising from the disposal of 70% equity interest in PT Prestasi Cipta Pertiwi (a former subsidiary) to a third party. The amount was unsecured, interest-free and repayable on demand. The amount was fully impaired during the financial year ended 30 April 2009.

All other current non-trade receivables are unsecured, interest-free and repayable on demand.

- (d) The amount due from a director relates to advance for payment of operating expenses.
- (e) The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free, repayable on demand and to be settled in cash.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2020	Restated 2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Singapore dollar	1,220	846	42	65
United States dollar	3,088	7,830	452	448
Renminbi	3,643	3,257	-	-
Others	43	22	-	-
	7,994	11,955	494	513

18. Financial assets, at fair value through profit or loss

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
At beginning of the financial year	521	583	502	549
Fair value loss	(3)	(62)	-	(47)
At end of the financial year	518	521	502	502

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

18. Financial assets, at fair value through profit or loss (cont'd)

Financial assets, at fair value through profit or loss comprise the following:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<i>Held for trading</i>				
Listed securities:				
- equity securities (Singapore)	516	519	502	502
- equity securities (Malaysia)	2	2	-	-
	518	521	502	502

The fair value of these securities is based on closing quoted market prices on the last market day of the financial year.

19. Cash and cash equivalents

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash and cash equivalents as per statements of financial position	13,273	11,225	6	141
Bank overdrafts (Note 22)	(1,740)	(2,645)	-	-
Cash pledged for bank facilities (Note 22)	(2,600)	(2,600)	-	-
As per consolidated statement of cash flows	8,933	5,980	6	141

Cash and bank balances of the Group amounting to \$2,600,000 (2019: \$2,600,000) were pledged to banks to secure credit facilities granted to the subsidiaries (Note 22).

Significant restriction

Cash and bank balances of approximately \$6,233,000 (2019: \$4,220,000), equivalent to RMB31,100,000 (2019: RMB21,000,000) held with the subsidiaries in the PRC are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends and thus significantly affect the Group's ability to access or use assets, and settle liabilities, of the Group.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore dollar	4,390	3,618	6	141
United States dollar	1,724	3,189	-	-
Renminbi	6,233	4,220	-	-
Others	926	198	-	-
	13,273	11,225	6	141

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

20. Trade and other payables

	30.4.2020	Group		Company	
		Restated 30.4.2019	Restated 1.5.2018	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade payables					
- third parties	1,629	1,553	2,874	-	-
Non-trade payables					
- third parties	3,576	2,928	1,687	487	334
- subsidiaries	-	-	-	5,912	5,995
- KMP	56	158	317	14	14
- payable for property, plant and equipment	7,952	13,032	13,804	-	-
Accrued operating expenses	2,568	2,828	3,409	201	180
	14,152	18,946	19,217	6,614	6,523
Total trade and other payables	15,781	20,499	22,091	6,614	6,523

Trade payables are non-interest bearing and are generally settled on 60 to 90 days (2019: 60 to 90 days) terms.

The current non-trade payables are unsecured, interest-free and repayable on demand and to be settled in cash.

Included in amount payable to key management personnel ("KMP") since the financial year ended 30 April 2018 was balance due to a former director amounted to \$14,000. The former key management personnel had informed the auditor that the compensation owing to him under the terms of his service agreement was \$1,025,000 as at 30 April 2020, and this has been brought to the attention of the Board. Management has investigated the purported amounts owing to the former KMP. It is noted that these amounts were not recorded in the previous years' financial statements when the KMP was employed by the Company.

The former KMP has also filed a writ of summons against the Company and three of its former directors alleging that certain matters stated in a regulatory announcement made by the Company on 26 January 2018 ("Announcement") on the Singapore Exchange ("SGXNet") are defamatory of the former KMP. The former KMP disagrees with the reasons set out in the Announcement as to why he was removed by shareholders as a director in the extraordinary general meeting of 19 January 2018. Pursuant to the publication of this Announcement on the SGXNet, the former KMP is claiming \$249,500 as damages he has purportedly suffered resulting from the alleged defamation.

The Board has sought legal advice and is of the strong view that the defamation claim is without merit. However, even if the Court does make a ruling in favour of the KMP, the Board is of the view that any final order for damages would not be material. No provision has, therefore, been recorded in the financial statements for this matter as at 30 April 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

20. Trade and other payables (cont'd)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2020	Restated 2019	2020	Restated 2019
	\$'000	\$'000	\$'000	\$'000
Singapore dollar	3,141	3,535	5,831	5,739
Ringgit Malaysia	3,099	3,099	783	784
Renminbi	9,329	13,836	-	-
Others	212	29	-	-
	15,781	20,499	6,614	6,523

21. Provisions

	Group		Company	
	2020	Restated 2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Provision for employee benefits	86	107	8	8
Provision for directors' fees	55	141	10	96
	141	248	18	104

Movements in provisions during the financial year:

During the financial year, the Company has written back the provision for employee benefits so as to be in compliance with the Company's staff employee personnel policies.

	Group		Company	
	2020	Restated 2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
At beginning of the financial year	248	94	104	75
Provisions made during the financial year	141	233	18	104
Write-back during the financial year	-	-	-	-
Amount utilised during the financial year	(248)	(79)	(104)	(75)
At end of the financial year	141	248	18	104

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

22. Borrowings

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<i>Secured</i>				
Bank borrowings	20,070	14,934	-	-
Bank overdrafts	1,740	2,645	-	-
Loan from KMP	2,002	2,016	-	-
	23,812	19,595		-
<i>Unsecured</i>				
Loans from business associates	570	551	-	-
Loan from third party	-	120	-	120
Lease liabilities	1,008	-	-	-
Total borrowings	25,390	20,266	-	120
Less: Amount due for settlement within 12 months	(11,240)	(13,697)	-	(120)
Amount due for settlement after 12 months	14,150	6,569	-	-

- (a) The bank borrowings of the Group included amount of \$20,070,000 (2019: \$14,934,000) which are secured by property, plant and equipment (Note 12). Interest is charged at 4.35% to 7.00% (2019: 4.35% to 7.00%) per annum.
- (b) Bank overdrafts are secured by cash pledged as disclosed in Note 19. Interest is charged at 5% (2019: 5%) per annum.
- (c) The loan from KMP, Mr On Wang Sang is secured by HZLH's 100% shareholding in Dawu Jiaxu Natural Gas with fixed interest charged at 15% (2019: 15%) per annum and is payable within 12 months from 22 January 2020 (2019: 23 January 2019).
- (d) The loans from business associates are unsecured, interest-free and repayable on demand.
- (e) In 2019, the loan from third party was unsecured with fixed interest charged at 12% per annum.
- (f) Management estimates the carrying amounts of bank borrowings approximate their fair value as these financial liabilities are subject to floating interest rates. This fair value measurement for disclosure purpose is categorised as level 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

22. Borrowings (cont'd)

(g) Borrowings are denominated in the following currencies:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore dollar	2,748	2,765	-	120
United States dollar	570	551	-	-
Renminbi	22,072	16,950	-	-
	25,390	20,266	-	120

(h) Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Bank borrowings \$'000	Loan from third party \$'000	Loan from KMP \$'000	Loan from business associates \$'000	Lease liabilities \$'000	Total \$'000
Balance at 1 May 2019	14,934	120	2,016	551	-	17,621
Adoption of SFRS(I) 16	-	-	-	-	335	335
Changes from financing cash flows:						
- Proceeds	7,690	-	-	-	-	7,690
- Repayments	(2,540)	(120)	-	-	(319)	(2,979)
- Interest paid	(1,064)	(4)	(81)	-	(57)	(1,206)
Non-cash changes:						
- New leases	-	-	-	-	992	992
- Interest expense	1,064	4	81	-	57	1,206
Effect of changes in foreign exchange rates	(14)	-	(14)	19	-	(9)
Balance at 30 April 2020	20,070	-	2,002	570	1,008	23,650

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

22. Borrowings (cont'd)

(h) Reconciliation of movement of liabilities to cash flows arising from financing activities: (cont'd)

	Bank borrowings \$'000	Finance lease liabilities \$'000	Loan from third party \$'000	Loan from KMP \$'000	Loan from business associates \$'000	Total \$'000
Balance at 1 May 2018	18,014	2	204	–	535	18,755
Changes from financing cash flows:						
- Proceeds	620	–	–	2,016	–	2,636
- Repayments	(3,044)	(2)	(100)	–	–	(3,146)
- Interest paid	(764)	–	–	–	–	(764)
Non-cash changes:						
- Interest expense	764	–	16	–	–	780
Effect of changes in foreign exchange rates	(656)	–	–	–	16	(640)
Balance at 30 April 2019	<u>14,934</u>	<u>–</u>	<u>120</u>	<u>2,016</u>	<u>551</u>	<u>17,621</u>

23. Deferred tax

Deferred tax assets

	Group	
	2020 \$'000	2019 \$'000
At beginning of the financial year	487	979
Charged to profit or loss	(19)	(453)
Exchange translation difference	(3)	(39)
At end of the financial year	<u>465</u>	<u>487</u>
Deferred tax assets are attributable to the following:		
Property, plant and equipment	434	454
Unutilised tax losses	31	31
Others	–	2
	<u>465</u>	<u>487</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

23. Deferred tax (cont'd)

Deferred tax liabilities

	Group	
	2020	Restated 2019
	\$'000	\$'000
At beginning of the financial year	5,864	7,823
Credited to profit or loss	(369)	(2,175)
Exchange translation difference	198	216
At end of the financial year	5,693	5,864

Deferred tax liabilities are attributable to the following:

Intangible assets	5,693	5,864
-------------------	--------------	-------

At the end of the financial year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is \$2,310,000 (2019: \$2,670,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

24. Contract liabilities

The Group receives payments from customers who purchase or reloads prepaid cards, which are used to pay for the consumption of natural gas provided by the Group. These payments received in advance are recognised as contract liabilities. Contract liabilities are recognised as revenue based on the usage of the value in the prepaid cards to pay for the consumption of natural gas.

The following table provides information about contracts with customers:

	2020	2019	1.5.2018
	\$'000	\$'000	\$'000
Trade receivables from contracts with customers	3,104	4,994	4,917
Contract liabilities	14,018	13,782	8,868

Significant changes in the contract liabilities balances during the financial year are as follows:

	Group	
	2020	2019
	\$'000	\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the financial year	13,782	8,868
Increases due to advances received, excluding amounts recognised as revenue during the financial year	14,018	13,782

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

25. Share capital

	Group and Company			
	Number of share		Issue share capital	
	2020	2019	2020	2019
			\$'000	\$'000
<i>Issued and fully paid with no par value</i>				
At beginning and end of the financial year	6,180,800	6,180,800	265,811	265,811

The Company has one class of ordinary shares which carries no right to fixed income. The equity holders of ordinary shares of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares of the Company have no par value and carry one vote per share without restriction.

26. Other reserves

		Group			Company	
		30.4.2020	Restated	Restated	30.4.2020	30.4.2019
			30.4.2019	1.5.2018		
		\$'000	\$'000	\$'000	\$'000	\$'000
<i>Attributable to equity holders of the Company</i>						
Foreign exchange translation reserve	(a)	(17,088)	(15,659)	(13,680)	-	-
Capital reduction reserve	(b)	1,961	1,961	1,961	1,961	1,961
Equity - NCI	(c)	(5,251)	(5,252)	(8,016)	-	-
		(20,378)	(18,950)	(19,735)	1,961	1,961
<i>Non-controlling interest</i>						
Share-based payment reserve	(d)	-	-	-	-	-

(a) Foreign exchange translation reserve

The foreign exchange translation reserve is used to record exchange differences arising from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Capital reduction reserve

The capital reduction reserve arose from a capital reduction exercise in year 2006 to reduce the par value of each issued and paid-up share capital of the Company from \$0.20 to \$0.05 to cancel an aggregate amount of \$123,867,000 of the issued and paid-up share capital of the Company, of which \$121,906,000 represents issued and paid-up share capital which had been lost and unrepresented by available assets, and the balance of \$1,961,000 was credited to capital reduction reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

26. Other reserves (cont'd)

(c) Equity - NCI

The Equity - NCI is the effect of transaction with non-controlling interests without loss of control and these transactions will no longer result in goodwill or gains or losses.

During the financial year ended 30 April 2018, the Group has recognised the impact of the dilution in shareholding from 85% to 65% in HZLH and an adjustment amounting to \$5,089,000 and \$936,000 has been recognised to the Non-controlling interests in the statement of financial position and Equity - NCI respectively in the consolidated statement of changes in equity.

During the current financial year ended 30 April 2020, a prior year adjustment was made by the Group to transfer the amount of \$731,000 from Equity - NCI to accumulated losses as at 1 May 2018 in the consolidated statement of changes in equity. The amount was previously charged to profit or loss being the accumulated impact of the share-based payment.

(d) Share-based payment reserve

The share-based payment reserve represents the value of service received from employees of the Group relating to equity settled share-based payment transactions.

Please refer to Note 13(c) for details.

Below is an extract from the 2017 Annual Report page 76.

Equity-settled share-based payment

On 21 May 2015, the Board of Directors and Remuneration Committee of the Company approved and adopted the Employee Share Scheme ("ESS") of a subsidiary, CEEP. Under the ESS, key executives of the Group are granted registered capital of HZLH, a subsidiary in the PRC. The ESS is restricted to key executives of the Group.

(i) 10% equity interest (equivalent RMB8 million registered capital) in HZLH

RMB8 million registered capital in HZLH was granted to a key management personnel of the Group for a consideration of RMB14.4 million (\$3.1 million equivalent) on 7 July 2015. There is no vesting condition attached and the amount is payable within 3 years from date of grant.

(ii) 20% equity interest (equivalent RMB16 million registered capital) in HZLH

RMB16 million registered capital in HZLH was transferred to Xiaogan He Shun Investment Management Centre LLP ("He Shun"), registered in the PRC, for the purpose of the ESS for a consideration of RMB28.8 million. On 27 April 2016, the Group granted RMB5.6 million registered capital to certain key executives of the Group by admitting these executives as partners of He Shun for a consideration of RMB10.08 million, payable within 3 years from date of grant. These executives shall remain as employees of HZLH for a period of 3 years as part of the vesting condition. Subsequent to the vesting period, these executives cannot sell more than 25% of their respective interest in He Shun per annum. As at 30 April 2017, RMB10.4 million registered capital in HZLH have not been granted to any key executives.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

26. Other reserves (cont'd)

(d) Share-based payment reserve (cont'd)

(ii) 20% equity interest (equivalent RMB16 million registered capital) in HZLH (cont'd)

In respect of the RMB5.6 million registered capital granted, a deposit of RMB2 million (\$425,000 equivalent) was received. In view that the vesting condition has not been met, cash received from those key executives will be recorded as financial liability until the end of the vesting period, where it will be reclassified to non-controlling interests.

On 4 May 2017, He Shun admitted two additional partners without the knowledge of the Board of Directors of the Company. The Board of Directors of the Company is in the process of seeking legal advice on how to resolve this matter and also in the midst of discussion with the management of HZLH to select and grant the remaining registered capital to eligible employees.

The details of the grants were as follows:

Grant date	7 July 2015	27 April 2016
Exercise price per equity interest	RMB1.80	RMB1.85
Fair value per equity interest	RMB2.01	RMB2.01
Equity interest in HZLH granted	RMB8 million	RMB5.6 million
Vesting period	Nil	3 years

Market prices of equity instruments granted were not available at the grant date. Consequently, the fair value of the equity instruments under the ESS granted were measured at their intrinsic value, and incorporated the following factors in setting the value of equity instruments:

- i. Observable Price-Earnings ratio of comparable companies in same industry and listed on China's National Equities Exchange Quotations;
- ii. The earnings of HZLH of the past 12 months; and
- iii. No dividends were incorporated into the measurement of fair value as there was no historical payment trend.

The movements of other reserves of the Group are presented in the consolidated statement of changes in equity.

27. Significant related party transactions

Some of the Group's and the Company's transactions and arrangements are between entities of the Group and with related parties, the effects of which, on basis determined between the parties, are reflected in these consolidated financial statements. The balances with these parties are unsecured, interest-free and repayable on demand unless stated otherwise.

Apart from the related party information disclosed elsewhere in these financial statements, the Group does not have any other significant related party transactions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

28. Commitments

Operating lease commitments - as lessee

In 2019, the commitments in respect of non-cancellable operating leases for the rental of offices and premises from non-related parties were as follows:

	Group	Company
	2019	2019
	\$'000	\$'000
Not later than one financial year	421	42
Later than one financial year but not later than five financial years	341	–
	<u>762</u>	<u>42</u>

As disclosed in Note 2.1, the Group has adopted SFRS(I) 16 on 1 May 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statements of financial position as at 1 May 2019, except for short-term and low value assets leases.

Capital commitments

Capital commitments contracted for at the end of the financial year but not recognised in the financial statements were as follows:

	Group	
	2020	2019
	\$'000	\$'000
Acquisition of property, plant and equipment	<u>2,509</u>	<u>1,087</u>

29. Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

Management considers the business from both business and geographical segment perspective. The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies. There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

Income taxes are managed by the management of respective entities within the Group.

The Group accounts for inter-segment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

29. Segment information (cont'd)

Business segments

The Group is organised into five main business segments:

- Infrastructure development and turnkey construction;
- Development of residential real estate for sale;
- Supplying gas to households, commercial and industrial users;
- Manufacture and sale of electronic components; and
- Investment securities trading.

Other operations of the Group mainly comprise investment holding and other management services, neither of which constitutes a separately reportable segment.

Segment assets consist primarily of property, plant and equipment, intangible assets, development property, inventories, receivables, financial assets and operating cash and bank deposits. Segment liabilities comprise payables, provisions, borrowings and deferred tax liabilities. Capital expenditures comprise additions to property, plant and equipment and intangible assets, including those acquired through business combinations.

Geographic segments

The Group's business segments operate in five main geographical areas:

- Singapore
The operations in this area are principally the manufacture and sale of electronic components, investment securities trading, and investment holding.
- People's Republic of China
The operations in this area are principally distribution of gas to household, commercial and industrial users.
- United States of America
The operations in this area are principally the development of residential real estate for sale.
- Taiwan, Philippines and Europe
The operations in these areas are principally acting as agents and distributors of semi-conductor back-end equipment and providing consultancy services in semi-conductor industry.
- Other countries
The operations in these areas are those investment holding.

With the exception of Singapore, the People's Republic of China, the United States of America, Taiwan, Philippines and Europe, no other individual geographical area contributed more than 10% of consolidated sales and assets. Sales are based on the geographical area in which the customer is located. Total assets and capital expenditure are shown by the geographical area where the assets are located.

Information about major customer

No external customer individually contributed 10% or more of the Group's revenue during the current and previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

29. Segment information (cont'd)

Analysis by business segment

	Infrastructure development and turnkey construction		Property development		Gas distribution		Electronics and trading		Investment securities trading		Corporate and others		Total
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue													
Sale to customers	-	-	-	95	39,348	40,072	13,130	22,829	-	-	-	-	52,478
Other revenue	420	407	-	-	933	415	1,022	248	(163)	228	1,222	670	3,434
	420	407	-	95	40,281	40,487	14,152	23,077	(163)	228	1,222	670	55,912
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Total external revenue	420	407	-	95	40,281	40,487	14,152	23,077	(163)	228	1,222	670	55,912
Segment profit/(loss)	287	276	(920)	(607)	2,626	(18,138)	(273)	2,922	(335)	35	513	(642)	1,898
Interest income	2	-	-	-	18	32	75	46	81	81	-	-	176
Interest expenses	-	-	-	-	(1,145)	(721)	(63)	(67)	-	-	(61)	(16)	(1,269)
Profit/(loss) before income tax	289	276	(920)	(607)	1,499	(18,827)	(261)	2,901	(254)	116	452	(658)	805
Income tax (expense)/credit	-	-	-	-	(644)	1,308	-	(450)	-	-	-	(3)	(644)
Profit/(loss) for the financial year	289	276	(920)	(607)	855	(17,519)	(261)	2,451	(254)	116	452	(661)	161
Non-controlling interests	-	-	-	-	(363)	(386)	71	(439)	-	-	-	-	(292)
Profit/(loss) attributable to equity holders of the Company	289	276	(920)	(607)	492	(17,905)	(190)	2,012	(254)	116	452	(661)	(131)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

29. Segment information (cont'd)

Analysis by business segment (cont'd)

	Infrastructure development and turnkey construction		Property development		Gas distribution		Electronics and trading		Investment securities trading		Corporate and others		Total
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	Restated 2019
	11	12,826	13,474	105,741	105,837	13,363	14,548	15	17	556	705	133,335	134,592
Segment assets	394	1,505	1,629	50,802	50,311	5,916	6,060	1,717	1,714	1,461	1,484	61,735	61,592
Capital expenditure	-	-	-	4,591	6,869	1,393	52	-	-	-	-	6,023	6,921
Impairment loss/ (write-back) of trade and other receivables and convertible loan	-	9	-	3	2,744	(30)	(13)	81	81	-	42	54	2,863
Amortisation of intangible assets	-	-	-	1,413	1,346	-	-	-	-	-	-	1,413	1,346
Depreciation of property, plant and equipment	6	-	-	4,189	3,192	403	198	-	-	2	5	4,600	3,395

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

29. Segment information (cont'd)

Analysis by geographic segments (cont'd)

	Singapore		People's Republic of China		United States of America		Taiwan		The Philippines		Europe		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	3,867	4,799	44,036	44,407	518	1,046	3,016	10,210	-	114	648	1,534	393	886	52,478	62,996
Others	2,165	1,138	441	415	-	-	-	-	-	-	-	-	828	415	3,434	1,968
Total external revenue	6,032	5,937	44,477	44,822	518	1,046	3,016	10,210	-	114	648	1,534	1,221	1,301	55,912	64,964
Segment assets	13,930	15,267	105,741	105,837	12,826	13,474	-	-	-	-	-	-	838	14	133,335	134,592
Segment liabilities	9,127	9,320	50,802	50,311	1,505	1,628	-	-	-	-	-	-	301	333	61,735	61,592
Capital expenditure	1,393	52	4,591	6,869	-	-	-	-	-	-	-	-	39	-	6,023	6,921
Non-current assets	1,561	574	96,070	97,691	-	-	-	-	-	-	-	-	33	-	97,664	98,265

Non-current assets consist of intangible assets and property, plant and equipment.

During the financial years of 2020 and 2019, there were no inter-segment sales between the geographic segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

30. Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts at end of reporting period are as follows:

	Group		Company	
	2020	Restated 2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Financial assets, at fair value through profit or loss	518	521	502	502
Financial assets at amortised cost	18,692	21,157	499	634
	19,210	21,678	1,001	1,136
Financial liabilities				
Financial liabilities at amortised cost	41,171	40,765	6,614	6,643

(b) Financial risk management

The Group's overall risk management framework is set by the Board of Directors of the Company which sets out the Group's overall business strategies and its risk management philosophy. The Group's overall risk management approach seeks to minimise the adverse effects from the volatility of financial markets on the Group's financial performance.

There has been no change to the Group's exposure to these financial risks or the way in which it manages and measures financial risk. The Group's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

30. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Market risks (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk exposures are measured using sensitivity analysis indicated below.

(i) Market risk

Foreign exchange risk

The carrying value of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the financial year were as follows:

	Group		Company	
	2020	Restated 2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Monetary assets				
Singapore dollar	2,400	2,286	–	–
United States dollar	7,918	11,100	452	453
Hong Kong dollar	3	3	–	–
Euro	130	191	–	–
Others	6	21	–	–
Monetary liabilities				
Singapore dollar	2,599	2,461	–	–
United States dollar	4,257	4,716	2,866	2,756
Ringgit Malaysia	7	7	–	–
Renminbi	67	–	–	–
Euro	4	43	–	–
Others	91	59	–	–

Sensitivity analysis for foreign exchange risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in a currency other than their respective functional currency. The currencies giving rise to this risk are primarily United States dollar ("USD"). Exposure to foreign currency risk is monitored on an ongoing basis by the Group to ensure that the net exposure is kept at an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

30. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(i) Market risk (cont'd)

Foreign exchange risk (cont'd)

Sensitivity analysis for foreign exchange risk (cont'd)

If the functional currency changes against the following foreign currencies by 10% (2019: 10%) each respectively at the end of the financial year, assuming that all other variables held constant, the effects arising from the net financial asset position for the Group and of the Company will be as follows:

	Increase/(Decrease)	
	Profit before tax	
	2020	2019
	\$'000	\$'000
Group		
<i>SGD/USD</i>		
Strengthen 10%	20	(17)
Weaken 10%	(20)	17
<hr/>		
<i>USD/SGD</i>		
Strengthen 10%	367	(638)
Weaken 10%	(367)	638
<hr/>		
<i>RMB/SGD</i>		
Strengthen 10%	(7)	–
Weaken 10%	7	–
<hr/>		
Company		
<i>USD/SGD</i>		
Strengthen 10%	(241)	(230)
Weaken 10%	241	230
<hr/>		

Price risk

The Group is exposed to equity risks arising from equity investments classified as financial assets at fair value through profit or loss and available-for-sale. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade equity investments.

Further details of these equity investments can be found in Note 18.

The sensitivity analysis below has been determined based on the exposure to price risks at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

30. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(i) Market risk (cont'd)

Price risk (cont'd)

Sensitivity analysis for price risk

The sensitivity analysis assumes an instantaneous 30% (2019: 30%) change in the quoted equity prices from the end of the financial year, with all variables held constant.

	Increase/(Decrease)	
	Profit before tax	
	2020	2019
	\$'000	\$'000
Group		
<i>Listed in Singapore</i>		
- Increased by 30% (2019: 30%)	155	156
- Decreased by 30% (2019: 30%)	(155)	(156)
	<u><u> </u></u>	<u><u> </u></u>
<i>Listed in Malaysia</i>		
- Increased by 30% (2019: 30%)	1	1
- Decreased by 30% (2019: 30%)	(1)	(1)
	<u><u> </u></u>	<u><u> </u></u>
Company		
<i>Listed in Singapore</i>		
- Increased by 30% (2019: 30%)	151	151
- Decreased by 30% (2019: 30%)	(151)	(151)
	<u><u> </u></u>	<u><u> </u></u>

Interest rate risk

The Group's exposure to market risk for changes in interest rates relate primarily to interest-earning fixed deposits and interest-bearing debt obligations with financial institutions.

The Group's fixed deposits are placed at prevailing interest rates.

The Group's policy are to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long term and short-term borrowings.

The Group's and the Company's exposure to interest rate risks as at the end of the reporting period is not significant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

30. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(ii) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. The exposure to credit risk is monitored and assessed on an on-going basis. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

At the end of financial year, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, cannot be located or are not recoverable despite legal recourse made to recover the debt, and reminders and warning letters issued for debts due for more than 12 months	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook that is available without undue cost or effort.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

30. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(ii) Credit risk (cont'd)

Significant increase in credit risk (cont'd)

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

30. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(ii) Credit risk (cont'd)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

The Group's trade receivables comprise 3 debtors (2019: 3 debtors) that represents 47% (2019: 51%) of the trade receivables.

As the Group and the Company do not hold any collateral for trade and other receivables, the maximum exposure to credit risk is the carrying amount of the respective class of financial instruments presented on the statement of financial position. Cash and cash equivalents are placed in banks and financial institutions with good credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

30. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(ii) Credit risk (cont'd)

Trade receivables

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor such as when the debtor has been placed under liquidation, has entered into bankruptcy proceedings, cannot be located or are not recoverable despite legal recourse made to recover the debt, including reminders and warning letters issued for debts due for more than 12 months.

Based on the simplified approach for determining credit loss allowance for trade receivables as at 30 April 2020, an allowance for impairment amounting to \$355,000 (2019: \$369,000) was recognised for credit-impaired receivables as a result of occurrence of credit impairment events.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables, rental, utilities and other deposit, staff and cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

30. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(ii) Credit risk (cont'd)

Other financial assets at amortised cost (cont'd)

The table below details the credit quality of the Group's financial assets:

		Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
	12-month or lifetime ECL			
2020				
Group				
Convertible loan	Lifetime ECL -credit-impaired	1,491	(1,491)	-
Trade receivables	Lifetime ECL	3,459	(355)	3,104
Other receivables (current)	Lifetime ECL -credit-impaired	18,911	(18,911)	-
	12-month ECL	2,076	-	2,076
Rental, utilities and other deposits	12-month ECL	161	-	161
Staff advances	12-month ECL	78	-	78
Cash and cash equivalents	N.A. Exposure Limited	13,273	-	13,273
2019				
Group				
Convertible loan	Lifetime ECL -credit-impaired	1,410	(1,410)	-
Trade receivables	Lifetime ECL	5,363	(369)	4,994
Other receivables (current)	Lifetime ECL -credit-impaired	18,742	(18,742)	-
	12-month ECL	4,534	-	4,534
Rental, utilities and other deposits	12-month ECL	376	-	376
Staff advances	12-month ECL	28	-	28
Cash and cash equivalents	N.A. Exposure Limited	11,225	-	11,225

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

30. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(ii) Credit risk (cont'd)

Other financial assets at amortised cost (cont'd)

The table below details the credit quality of the Company's financial assets:

	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
2020				
Company				
Other receivables (current)	Lifetime ECL -credit-impaired	68	(32)	36
Due from subsidiaries	Lifetime ECL -credit-impaired	77,859	(77,407)	452
Rental, utilities and other deposits	12-month ECL	5	-	5
Cash and cash equivalents	N.A. Exposure Limited	6	-	6
Quasi-equity loan	Lifetime ECL -credit-impaired	56,804	(56,804)	-
2019				
Company				
Other receivables (current)	Lifetime ECL -credit-impaired	48	(32)	16
Due from subsidiaries	Lifetime ECL -credit-impaired	83,237	(82,778)	459
Rental, utilities and other deposits	12-month ECL	18	-	18
Cash and cash equivalents	N.A. Exposure Limited	141	-	141
Quasi-equity loan	Lifetime ECL -credit-impaired	50,244	(50,244)	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

30. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(ii) Credit risk (cont'd)

Other financial assets at amortised cost (cont'd)

Movements in credit loss allowance are as follows:

	Non-current Convertible loan (Note 14) \$'000	← Current → Trade receivables (Note 17) \$'000	Other receivables (Note 17) \$'000	Total \$'000
Group				
Balance at 1 May 2019	1,410	369	18,742	20,521
Loss allowance measured/ (reversal):				
Lifetime ECL				
- simplified approach	–	3	–	3
- credit impaired	81	–	–	81
Reversal of allowance	–	(30)	–	(30)
Currency translation differences	–	13	169	182
Balance at 30 April 2020	1,491	355	18,911	20,757

	← Non-current → Other receivables (Note 17) \$'000	Convertible loan (Note 14) \$'000	← Current → Trade receivables (Note 17) \$'000	Other receivables (Note 17) \$'000	Total \$'000
Group					
Balance at 1 May 2018	3,972	1,329	378	21,894	27,573
Loss allowance measured/ (reversal):					
Lifetime ECL					
- simplified approach	–	–	265	–	265
- credit impaired	–	81	–	2,517	2,598
Reversal of allowance	–	–	(281)	–	(281)
Effects of deconsolidation of a subsidiary	–	–	–	7,711	7,711
Receivables written off as uncollectable	(3,972)	–	–	(13,531)	(17,503)
Currency translation differences	–	–	7	151	158
Balance at 30 April 2019	–	1,410	369	18,742	20,521

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

30. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(ii) Credit risk (cont'd)

Movements in credit loss allowance are as follows (cont'd):

	← Non-current →		← Current →		
	Quasi- equity loan (Note 13) \$'000	Other receivables (Note 17) \$'000	Trade receivables (Note 17) \$'000	Due from subsidiaries (Note 17) \$'000	Total \$'000
Company					
Balance at 1 May 2018	49,689	3,972	10,527	81,394	145,582
Loss allowance measured:					
Lifetime ECL					
- simplified approach	-	-	32	-	32
- credit impaired	555	-	-	1,384	1,939
Receivables written off as uncollectable	-	(3,972)	(10,527)	-	(14,499)
Balance at 30 April 2019	50,244	-	32	82,778	133,054
Loss allowance measured:					
Lifetime ECL					
- credit impaired	6,560	-	-	-	6,560
Reversal of allowance	-	-	-	(5,371)	(5,371)
Balance at 30 April 2020	56,804	-	32	77,407	134,243

(iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to manage liquidity is to ensure the availability of funding through an adequate amount of committed credit facilities from financial institutions.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group's and the Company's going concern assumption is dependent on the assessment as disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

30. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(iii) Liquidity risk (cont'd)

The Group's and the Company's financial liabilities based on the remaining year at the end of the financial year to the contractual maturity date based on contractual undiscounted cash flows which include both interest and principal cash flows are as follows:

	Group		Company	
	2020 \$'000	Restated 2019 \$'000	2020 \$'000	2019 \$'000
Less than one year:				
Trade and other payables	15,781	20,499	6,614	6,523
Borrowings	11,322	14,392	-	132
Lease liabilities	352	-	-	-
	27,455	34,891	6,614	6,655
Between 2 to 5 years:				
Borrowings	16,969	7,025	-	-
Lease liabilities	697	-	-	-
	17,666	7,025	-	-
	45,121	41,916	6,614	6,655

(c) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares and obtain new borrowings.

The Group's management reviews the capital structure on an annual basis. As part of the review, management considers the cost of capital and the risk associated with each class of capital. Upon review, the Group will balance its overall capital structure through new share issues as well as the issue of new debt. The Group's overall strategy remains unchanged from 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

30. Financial instruments (cont'd)

(c) Capital management (cont'd)

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, and trade and other payables less cash and cash equivalents. Total capital is calculated as equity attributable to equity holders of the Company plus net debt.

	Group		Company	
	2020 \$'000	Restated 2019 \$'000	2020 \$'000	Restated 2019 \$'000
Net debt	27,898	29,540	6,608	6,502
Equity attributable to equity holders of the Company	56,323	57,882	42,870	47,222
Total capital	84,221	87,422	49,478	53,724
Gearing ratio	33%	34%	13%	12%

31. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
2020				
Financial assets				
Financial assets, at fair value through profit or loss	518	-	-	518
2019				
<i>Financial assets</i>				
Financial assets, at fair value through profit or loss	521	-	-	521

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

31. Fair value of assets and liabilities (cont'd)

(a) Fair value hierarchy (cont'd)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Company				
2020				
Financial assets				
Financial assets, at fair value through profit or loss	502	-	-	502
2019				
<i>Financial assets</i>				
Financial assets, at fair value through profit or loss	502	-	-	502

During the financial years ended 30 April 2020 and 2019, there were no transfers between instruments in Level 1 and Level 2.

32. Other matters

Matters with Commercial Affairs Department

On 2 April 2014 and 29 April 2014, the Company, certain of its subsidiaries, a previous associated company and certain Directors had received order under Section 20 of the Criminal Procedures Code from Commercial Affairs Department, Singapore Police Force ("CAD") requesting their assistance for an investigation into an alleged offence under the Securities and Futures Act, Chapter 280. The CAD had requested for files and financial records, computers, and data storage devices for the period from 1 January 2011 to the respective date of the letters.

On 25 November 2016, a joint statement was made by the Attorney-General's Chambers, CAD and the Monetary Authority of Singapore, which stated that Ms Quah Su-Ling, an ex-Director and ex-Chief Executive Officer of the Company, and Mr Goh Hin Calm, a former key management personnel of the Company, have been charged in the State Courts for offences under the Securities and Futures Act and the Penal Code.

On 16 October 2020, the CAD confirmed to the auditor that Ms Quah Su-Ling, Mr Goh Hin Calm and another person were charged for offences under the Securities and Futures Act, Penal Code and Companies Act. Mr Goh Hin Calm pled guilty to the charges and has been convicted accordingly. The remaining two person are currently on trial in the High Court. Its investigations against persons who may have facilitated the offences are still ongoing.

The Board of Directors of the Company has sought professional advice on this matter. The Board is not aware of any offence being committed within the Company and the Group and is of the view that the business and operations of the Company and of the Group are not unduly affected by the investigations and continue as normal. The Company and the Group will continue to monitor the progress of the investigations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

33. Writs of summons

- (i) On 17 July 2018, a Complaint and Summons were filed naming the Company and its 100% owned subsidiary Capri as Co-Defendants (the “Claim”). The Plaintiffs are a Washington Company, Westridge Development LLC and G. Patrick Healy (collectively “the Plaintiffs”).

The Plaintiffs claim ownership of approximately 15 acres of real property in Pierce County, Washington owned by Capri (the “Property”) based on a 2003 Statutory Warranty Deed that violated both state and local subdivision law because the Property was never properly segregated from the larger parcel of which it was a part at the time of the purported transfer to Plaintiff, Westridge Development LLC. Consequently, the Pierce County Assessor never recognised the transfer of the Property to the Plaintiff, Westridge Development LLC.

On 9 October 2020, the Court ordered that all claims by Westridge Development LLC be dismissed without prejudice.

The remaining claims brought by the other Plaintiff, G. Patrick Healy will continue to be litigated with the trial schedule for July 2021. The Company has discussed with its lawyer and has not altered its position that the Plaintiff’s claim is without merit.

- (ii) On 13 May 2019, the Company and Capri were served with a complaint (“Civil Complaint”) filed naming the Company and its 100% owned subsidiary Capri as Co-Defendants in the Pierce County Superior Court in the State of Washington by attorneys for Renovatio LLC (the “Plaintiff”), a Washington Limited Liability Company.

In the Civil Complaint, the Plaintiff is claiming from the Defendants, and other defendants (“Other Defendants”) named therein, sums to be proven at the trial of the Civil Complaint for monies owing arising from (a) a breach of payment for services rendered by one G. Patrick Healy (“Healy”), (b) stipend and expense reimbursement claims of Healy, (c) 20% ownership interest in Asia Plan Ltd allegedly owed to Healy, and (d) loans made by Healy for the Falling Water project (collectively, the “Claims”).

The Plaintiff is not the direct claimant of these Claims, but has made the complaint as “assignee” of all the Claims set out in the Civil Complaint.

The Defendants believe the Claims are erroneously made and without merit.

34. Basis for disclaimer opinion on the financial statements for the financial year ended 30 April 2019

The independent auditor’s report dated 13 August 2019 contained a disclaimer of opinion on the financial statements for the financial year ended 30 April 2019. The extract of the basis for disclaimer of opinion, which should be read in conjunction with the Group’s 2019 Annual Report as all figures and references are in respect of the financial statements for the financial year ended 30 April 2019, is as follows:

Disclaimer of Opinion

We do not express an opinion on the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

34. Basis for disclaimer opinion on the financial statements for the financial year ended 30 April 2019 (cont'd)

Disclaimer of Opinion (cont'd)

1. Impairment assessment of the Group's intangible assets and property, plant and equipment and the Company's investment in Excellent Empire Ltd ("EEL") and quasi-equity loan to EEL

As disclosed in Note 11 and Note 12 to the financial statements, the net carrying amount of the Group's intangible assets and property, plant and equipment as at 30 April 2019 amounted to \$Nil and \$74,807,000 respectively. An impairment loss amounted to \$23,458,000 was recognised in the current financial year to write down intangible assets to its recoverable amount of \$Nil.

As further disclosed in Note 13 to the financial statements, the net carrying amount of the Company's investment in EEL and quasi-equity loan to EEL as at 30 April 2019 amounted to \$12,497,000 and \$Nil respectively which represent investment in EEL group, after recognising impairment loss of \$50,928,000 and \$555,000 respectively during the current financial year.

During the financial year, the Group performed an impairment assessment to determine the recoverable amounts of the Group's intangible assets and property, plant and equipment. The recoverable amounts were adopted in the impairment assessment of the Company's investment in EEL and quasi-equity loan to EEL as well.

Based on management's impairment assessment of the recoverable amounts as disclosed in Note 11, Note 12, and Note 13 to the financial statements, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves with respect to the recoverable amounts determined by management. Consequently, we are unable to determine whether any adjustments might be necessary in respect of the carrying amounts of the Group's intangible assets and property, plant and equipment and the Company's investment in EEL and quasi-equity loan to EEL as at 30 April 2019 and the impairment losses as recognised in profit or loss during the current financial year.

2. Financial information of Hubei Zonglianhuan Energy Investment Management Inc. and its subsidiaries ("HZLH group")

The financial information of a subsidiary, HZLH group were consolidated into the consolidated financial statements of the Group for the financial year ended 30 April 2019. The total assets and total liabilities of HZLH group included in the consolidated statement of financial position of the Group as at 30 April 2019 are \$85,489,000 (2018: \$82,148,000) and \$46,536,000 (2018: \$41,943,000) respectively. The revenue and net profit of HZLH group amounted to \$40,072,000 (2018: \$35,201,000) and \$225,000 (2018: \$3,684,000) respectively, are included in the consolidated statement of profit or loss and other comprehensive income of the Group for the financial year ended 30 April 2019.

We are unable to satisfy ourselves that the financial information of HZLH group are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements of the Group for the financial year ended 30 April 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

34. Basis for disclaimer opinion on the financial statements for the financial year ended 30 April 2019 (cont'd)

Disclaimer of Opinion (cont'd)

3. Transaction relating to Employee Share Scheme

During the previous financial year ended 30 April 2018, the Board of Directors had based on legal advice adjusted for the transaction between China Environmental Energy Protection Investment Limited ("CEEP") and Xiaogan He Shun Investment Management Centre LLP ("He Shun") as a disposal of shares in HZLH instead of a share-based payment transaction as reflected in previous years' financial statements. Accordingly, the Group's interest in HZLH was restated to 65% as at 30 April 2018 from 85% as previously disclosed in the previous years' financial statements.

We are unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the accounting treatment for the above-mentioned share transactions and on the adjustments made in prior financial year's financial statements arising from the accounting for the share transactions.

We are also unable to satisfy ourselves as to whether there should be any charge of the share-based payment to the profit or loss in the current financial year and whether the Equity - NCI balance of \$4,521,000 (2018: \$7,285,000) at 30 April 2019 is fairly stated.

During the financial year ended 30 April 2019, the Group recognised an impairment loss of \$2,741,000 on the balance receivable from a key management personnel as disclosed in Note 17(a)(ii) to the financial statements. During the financial year ended 30 April 2018, we were unable to obtain sufficient appropriate audit evidence on the existence and recoverability of the balance receivable as at 30 April 2018. Consequently, we are unable to satisfy ourselves as to whether the impairment loss should be recognised in the current financial year or previous financial year ended 30 April 2018.

4. Development properties

As disclosed in Note 16 to the financial statements, the net carrying amount of the Group's development property as at 30 April 2019 amounted to \$10,543,000 (2018: \$10,131,000).

We are unable to perform audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the net carrying amount of the land held for sale as at 1 May 2017 contained misstatements as management was unable to provide supporting documents for the accumulated brought forward costs of development properties. Accordingly, we are unable to satisfy ourselves that the development costs stated at cost are fairly stated as at 30 April 2019.

5. Investment in subsidiary

As disclosed in Note 13 to the financial statements, the net carrying amount of the Company's investment in ESA Electronics Pte. Ltd. ("ESA") as at 30 April 2019 amounted to \$5,310,000 (2018: \$5,310,000), after deducting impairment loss of \$16,725,000 (2018: \$16,725,000). Management determined that no further impairment loss is required on the Company's investment in ESA for the current financial year.

Based on the information available to us, we are unable to obtain sufficient appropriate audit evidence about the recoverable amount of the Company's investment in ESA as at 30 April 2019. Consequently, we are unable to determine whether any adjustment in respect of the net carrying amount of the Company's investment in ESA as at 30 April 2019 is necessary.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

34. Basis for disclaimer opinion on the financial statements for the financial year ended 30 April 2019 (cont'd)

Disclaimer of Opinion (cont'd)

6. Contingent liabilities

As disclosed in Note 20 and Note 35 to the financial statements,

- (a) On 17 July 2018, the Company and its subsidiary, Capri Investments L.L.C. ("Capri") received writ of summons from a Washington Company, Westridge Development LLC and G. Patrick Healy. The claim relates to claim of ownership of approximately 15 acres of real property in Pierce County, Washington.

The Company has discussed with its lawyers and believes the claims have no merit. Accordingly, these claim amounts have not been recognised in the financial statements as at 30 April 2019.

- (b) Subsequent to the end of the reporting period on 13 May 2019, the Company and its subsidiary, Capri been served with a complaint filed in the Pierce County Superior Court in the State of Washington by attorneys for Renovatio LLC. The complaint relates to claim of monies owing arising from (i) a breach of payment for services rendered by one G. Patrick Healy ("Healy"), (ii) stipend and expense reimbursement claims of Healy, (iii) 20% ownership interest in Brentwood Overseas Ltd/Asia Plan Ltd allegedly owed to Healy, and (iv) loans made by Healy for the Falling Water project owned by the subsidiary. The Company and Capri believe that the claims are erroneously made and without merit.

- (c) A former key management personnel informed the auditor that as at 30 April 2019, there is an outstanding amount owing to him of \$1,025,000 under the terms of his employment contract. The Company, as of date of this report, has not been served a writ of summons for this claim. The Company has sought preliminary legal advice from its lawyers. No provision has been recorded in the financial statements as at 30 April 2019.

Based on currently available information, we are unable to obtain sufficient appropriate audit evidence to determine whether any provision for additional liabilities is necessary for the all above claims in respect of the financial year ended 30 April 2019.

7. Appropriateness of going concern assumption

As disclosed in Note 3.1 to the financial statements, the Group incurred a net loss of \$33,532,000 (2018: \$27,558,000) and the Company incurred a net loss of \$51,605,000 (2018: \$65,792,000). As at 30 April 2019, the Group's and the Company's current liabilities exceeded the current assets by \$13,846,000 (2018: \$5,455,000) and \$5,591,000 (2018: \$5,473,000) respectively. These conditions indicate the existence of material uncertainties which may cast significant doubt on the ability of the Group and the Company to continue as going concerns and therefore they may not be able to realise their assets and discharge their liabilities in the normal course of business.

Nevertheless, in the preparation of the financial statements, the Board of Directors believes that the use of going concern assumption is appropriate after taking into consideration of the factors as disclosed in Note 3.1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

34. Basis for disclaimer opinion on the financial statements for the financial year ended 30 April 2019 (cont'd)

Disclaimer of Opinion (cont'd)

7. Appropriateness of going concern assumption (cont'd)

The financial statements did not include any adjustments that may result in the event that the Group and the Company are unable to continue as going concerns. In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to realise their assets and discharge their liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. No such adjustments have been made to the financial statements.

The validity of the going concern basis on which the financial statements are prepared is dependent on certain assumptions and the successful outcome of the Group's and the Company's various efforts as disclosed in Note 3.1 to the financial statements, the outcome of which are uncertain at the date of this report.

In light of the material uncertainties described above, we are unable to obtain sufficient appropriate audit evidence to conclude as to the appropriateness of the use of the going concern assumption in the preparation of these financial statements. Consequently, we are unable to determine whether any adjustments in respect of the Group's and the Company's financial statements for the financial year ended 30 April 2019 are necessary.

8. Comparative figures

Our independent auditor's report dated 3 October 2018 expressed a disclaimer of opinion on the financial statements for the financial year ended 30 April 2018 as we were unable to obtain all information, explanations and supporting documents that we consider necessary for the purpose of our audit. The basis for disclaimer of opinion on the financial statements for the financial year ended 30 April 2018 are disclosed in Note 36 to the financial statements.

Since opening balances as at 1 May 2018 entered into the determination of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended 30 April 2019, as well as affect how the balances presented in the Group's and Company's statements of financial position as at 30 April 2019 are derived, we are unable to determine whether adjustments might have been found necessary in respect of the Group's and the Company's financial statements for the financial year ended 30 April 2019.

Our opinion on the current financial year's financial statements is also modified because of the possible effect of these matters on the comparability of the current year's figures and the corresponding figures.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

34. Basis for disclaimer opinion on the financial statements for the financial year ended 30 April 2019 (cont'd)

Disclaimer of Opinion (cont'd)

9. Matters with Commercial Affairs Department (“CAD”)

We draw your attention to Note 34 to the financial statements, which describes the investigations by the CAD. As investigations against persons who may have facilitated the offences are still ongoing, there exists an uncertainty, the outcome of which is unknown, may have an impact on the Group's ongoing business operations.

35. Impact of COVID-19 pandemic

The COVID-19 pandemic and the aftermath of the pandemic globally forced to suspend or limit business operations during the reporting year and the aftermath is expected for the unforeseeable period ahead. Measures were taken by the governments to contain the spread of COVID-19, including travels, social distancing and closure of non-essential services. This resulted in an economic slowdown, which have adversely impacted on the business of the Group. The economic uncertainties have created questions about the uncertainties relating to the impairment or recoverability of certain assets (including impairment allowances for inventories and receivables) and the completeness or valuation of certain assets and liabilities reflected in these financial statements. An assessment was made by management whether for the current reporting year there were any indications that these assets and liabilities may be impacted adversely. If any such indication of uncertainties existed, an estimate was made of the realisable amount and or fair value of the relevant assets and the completeness of the liabilities (which balances are more fully disclosed in the relevant notes to these financial statements). The recoverability of the assets and the ability of the Group to maintain or pay its debts as they mature are dependent to a large extent on the efficacy of the fiscal and other measures undertaken by Singapore and the affected countries overseas to successfully meet those economic challenges. As the pandemic continues to progress and evolve, it is extremely challenging to predict the full extent and duration of its impact on the Group's businesses and the countries where the Group operates.

36. Comparative figures and retrospective restatements

- (a) During the current financial year ended 30 April 2020, a prior year adjustment was made by the Group to transfer the amount of \$731,000 from Equity – NCI to accumulated losses as at 1 May 2018 in the consolidated statement of changes in equity.
- (b) Management reviewed the recoverable amounts of the Group's intangible assets and property, plant and equipment and the Company's investment in EEL as at 30 April 2019. Management had restated the impairment loss based on the fair value less cost to sell determined based on valuation performed by an independent firm of professional valuers. The carrying amount of intangible assets and corresponding impact to the profit or loss for the previous financial year were restated accordingly.
- (c) Management reviewed the financial information of Hubei Zonglianhuan Energy Investment Management Inc. and its subsidiaries (“HZLH group”) used for the consolidation for the financial year ended 30 April 2019. Reclassification adjustments have been made to reclassify certain trade and other receivables, trade and other payables, and provisions as a result of elimination of intercompany balances on consolidation, and for consistency with the Group's presentation and disclosure.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

36. Comparative figures and retrospective restatements (cont'd)

The financial statements were restated during the financial year as follows:

	As previously reported \$'000	Adjustments \$'000	As restated \$'000
Group			
At 1 May 2018			
Statement of Financial Position			
Equity			
Other reserves	(19,004)	(731)	(19,735)
Accumulated losses	(172,941)	731	(172,210)
At 30 April 2019			
Statement of Financial Position			
Non-current assets			
Intangible assets	–	23,458	23,458
Trade and other receivables	13,132	(1,704)	11,428
Non-current liabilities			
Deferred tax liabilities	–	5,864	5,864
Current liabilities			
Trade and other payables	22,209	(1,710)	20,499
Provisions	242	6	248
Equity			
Other reserves	(18,225)	(725)	(18,950)
Accumulated losses	(207,298)	18,319	(188,979)
Consolidated Statement of Cash Flows			
For the financial year ended 30 April 2019			
Net cash generated from operating activities	17,585	(6,619)	10,966
Net cash used in investing activities	(14,141)	6,619	(7,522)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 April 2020

36. Comparative figures and retrospective restatements (cont'd)

	As previously reported \$'000	Adjustments \$'000	As restated \$'000
Group			
Statement of Comprehensive Income			
For the financial year ended 30 April 2019			
Impairment loss of intangible assets	23,458	(23,458)	–
Loss before income tax	(40,257)	23,458	(16,799)
Income tax credit	6,725	(5,870)	855
Loss for the financial year	(33,532)	17,588	(15,944)
Company			
At 1 May 2018			
Statement of Financial Position			
Non-current assets			
Investments in subsidiaries	17,808	35,000	52,808
Equity			
Accumulated losses	(255,550)	(35,000)	(220,550)

The prior year adjustments have no impact on the Company's opening balances for the statement of financial position as of 1 May 2018. Accordingly, the Company's statement of financial position as of 1 May 2018 was not presented in these financial statements.

37. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 April 2020 were authorised for issue in accordance with a resolution by the Board of Directors on 11 November 2020.

CORPORATE GOVERNANCE

The Board of Directors (the “Board”) of Renaissance United Limited (the “Company”) and together with its subsidiaries, the (“Group”) is committed to maintaining a high standard of corporate governance within the Group. We believe that this is essential to the long-term sustainability of the Group’s business and performance in order to safeguard the interests of the Company’s shareholders (the “Shareholders”) and to enhance corporate value and accountability.

This Corporate Governance Report (“CG Report”) describes the Group’s corporate governance framework and practices that were in place during the financial year ended 30 April 2020 (“FY2020”) with specific reference to the principles and provisions (hereinafter referred to as the “Principles” and/or “Provisions”) of the Code of Corporate Governance 2018 (the “Code”), which forms part of the continuing obligations as described in the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual (the “Listing Rules”). The Company has complied with the principles of the Code where appropriate. Where there are any material deviations from the Code, appropriate explanations are provided.

This CG Report details the corporate governance practices and activities of the Company as required by the Code. This CG Report should be read as a whole as other sections of this CG Report may also have an impact on the specific disclosures.

The Code

The latest version of the Code, published in August 2018, has at its core, broad Principles of corporate governance. Compliance with, and observation of, these Principles is mandatory. These Principles set out broadly accepted characteristics of good corporate governance. Companies are required to describe their corporate governance practices with reference to both the Principles and Provisions, and how the companies’s practices conform to the Principles.

The Provisions that underpin the Principles are designed to support compliance with the Principles. These Provisions, which replace the guidelines of previous Codes, are drafted in a simple and direct manner, and describe the tenets of good corporate governance. Companies are expected to comply with the Provisions, and variations from Provisions are acceptable to the extent that companies explicitly state and explain how their practices are consistent with the aim and philosophy of the Principle in question. The explanations of variations should be comprehensive and meaningful.

The emphasis of the Code is for companies to provide thoughtful and meaningful explanations around their practices, and for investors to carefully consider these discussions as part of their engagements with companies. Frank and informed dialogue between companies and their shareholders is a central tenet of good corporate governance, and encourages more active stewardship. Better engagement between these parties will benefit the companies and investors.

PROFILE OF DIRECTORS

Mr James Moffatt Blythman

Mr James Moffatt Blythman is an Executive Director and Chief Financial Officer of the Company. He has experience in strategic planning, business development and general management in the property and manufacturing industries. He has worked previously for multinationals including BlueScope Ltd and Xella International GmbH in mainland China and throughout the Asia-Pacific region. He graduated with a double Degree in Arts and Commerce from Deakin University, Australia, majoring in Chinese and International Business and is also a qualified CPA (Australia) and a Certified Fraud Examiner.

Date of first appointment: 28 May 2018
Date of last election: 30 October 2018

CORPORATE GOVERNANCE

Mr Sazali Bin Mohd Nor

Mr Sazali Bin Mohd Nor is a Non-Executive Independent Director of the Company. He is a member of the Nominating, Remuneration and Audit Committees. Mr Sazali has extensive working experience, having started his career in 1983, in various fields, including bio-pharmaceuticals, green technology and entrepreneurship.

In the area of entrepreneurship, he has driven multiple start-ups, pharmaceutical trading and distribution. Among other achievements, he has in that capacity, acquired multiple grants from the government for pre-commercialization of biotechnology products and the setup of the Centre of Proteomic Research in FRIM with a matching grant of RM12.5million. The Centre was a recipient of the Sun Microsystems Education & Research Grant.

He recently served as Chief Executive Officer of Pahang Technology Resources Sdn Bhd, a state-owned entity focusing on the area of technology development, and Chief Executive Officer of Silk Road Development Sdn Bhd in the area of Sea Ports and Infrastructure. Now, he is Strategic Advisor for Mutiara Smart Sdn Bhd, a wholly owned entity of the Ministry of Finance, Inc., Malaysia within the areas of information technology business and market development.

Date of first appointment: 30 January 2019
Date of Last election: 29 August 2019

Mr Aswath Ramakrishnan

Mr. Aswath Ramakrishnan is a Non-Executive Independent Director of the Company. He has a wide experience dealing with various corporate and commercial disputes and he now heads the Dispute Resolution department of a law firm in Kuala Lumpur, Malaysia.

He has worked previously with a leading law firm in Malaysia focusing on commercial and corporate litigation concerning multinationals involving fraudulent trading practices, breach of trust and others.

He has read law at the University of Northumbria at Newcastle, United Kingdom and is a Barrister-at-Law with the Middle Temple, United Kingdom. He has majored in International Commercial Law with a focus on cross-border disputes.

Date of first appointment: 17 July 2020

Mr Koh Beng San

Mr Koh Beng San is a Non-Executive Independent Director of the Company. He was admitted as a Member of the Association of Chartered Certified Accountants in 2001 and as a Fellow Member in 2006. He was also admitted as a Member of the Malaysian Institute of Accountants in 2001.

Mr Koh began his career in 1999 as an Audit Assistant with BDO Binder, where he was responsible for conducting financial audits. In 2003, he joined Southern Industrial Gas Sdn Bhd and as the Finance Director of Southern Industrial Gas Sdn Bhd and was responsible for treasury, accounting and finance functions.

Date of first appointment: 13 October 2020

CORPORATE GOVERNANCE

Mr Joseph Chen

Mr Joseph Chen was a Non-Executive and Independent Director of the Company. He was also the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. He has more than 30 years of experience in the commercial / corporate sectors of the Financial Risk Management and Banking industry in Canada, United States and the Asia Pacific region, holding senior positions in various banks, including being Country Credit Officer of Citibank Canada from years 1991 to 1995, Senior EVP/Chief Risk Officer of Ta Chong Bank in Taiwan, Director - Audit & Risk Review (Citibank AP) from year 1998 to 2000, Managing Director and Group Head of Consumer Credit, DBS Bank and Subsidiaries from year 2000 to 2008, and Chairperson of Consumer Credit Bureau of Singapore from year 2003 to 2005. He is currently a freelance consultant and investor in the financial markets. He graduated with a Bachelor of Science degree from Nanyang University in 1972 and a Master of Business from the Asian Institute of Management in 1977.

Date of first appointment: 19 January 2018
Date of last election: 19 January 2018
Date of resignation: 17 July 2020

Mr Ng Fook San

Mr Ng Fook San was a Non-Executive and Independent Director of the Company. He was the Chairman of the Nominating Committee and Remuneration Committee, and a member of the Audit Committee. He has more than 30 years of experience in the Electrical and Electronic industry, holding key positions in various companies. His eminent employment includes being VP Sales and Marketing of OSRAM Semiconductor, Asia Pacific, President of Infineon Technologies, Asia Pacific, Senior VP, General Manager of Infineon Technologies, Germany, CEO of Achieva Limited, Singapore and is currently a Chairman of Coraza Systems Malaysia Sdn. Bhd.

He graduated with a Bachelor of Engineering degree from the University of Malaya in year 1976.

Date of first appointment: 19 January 2018
Date of last election: 19 January 2018
Date of resignation: 17 July 2020

(A) BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Company is headed by the Board of Directors ("Board") which is responsible for the overall management of the Company. The Board works closely with the management of the Company (the "Management") and the Management remains accountable to the Board.

The Board is entrusted with the responsibility for the overall management of the Company. The Board's primary responsibilities include review and approval of policy guidelines, setting directives to ensure that the strategies undertaken lead to enhanced shareholders' value.

The Board is responsible for determining the strategic direction for the Company. Each Director is expected to act in good faith and in the best interest of the Company.

CORPORATE GOVERNANCE

The Board comprises four Directors, three of whom are Non-Executive and Independent, and whose collective experience and contributions are compatible with the Company's core businesses and practices. The Board has examined its size and is of the view that the current arrangement is adequate given that the Independent Directors comprise not less than one-third of the Board composition. The criterion of independence is based on the definition set out in the Code the guidance set out in the Practice Notes of the Listing Rules. The Independent Directors are respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary.

To assist the members of the Board, the Company has arranged for the Board to be updated by the Company Secretary as well as by its other consultants on the continuing obligations and various requirements expected of a public company and its directors from time to time, as and when there are material updates to the Listing Rules as well as the Code and/or the Companies Act (Chapter 50) ("Companies Act").

The Board schedules meetings on a regular basis to coincide with the announcement of the Group's quarterly and full year financial results, and to keep abreast of significant business activities and overall business environment.

Apart from board meetings, important or urgent matters concerning the Group are presented for the Board's decision by way of written resolutions, e-mail and telephone conferencing for the dispatch of business, as they deem fit. Details of the number of Board meetings held in the year and attendance of each Board member at those meetings and meetings of the various Board Committees are provided on page 115 of this CG Report.

Executive Director

The Executive Director, Mr James Moffatt Blythman, is appointed by the Board of Directors based on the recommendation of the Nominating Committee after considering his working experiences, capabilities and other factors deemed relevant for the position of an Executive Director.

The Board regularly assesses the performance of, and review major decisions made by, the Executive Director in the best interest of the company.

Independent Directors

The three Independent Non-Executive Directors as at the end of the financial year of the Company are, namely, Mr Ng Fook San, Mr Joseph Chen and Mr Sazali Bin Mohd Nor, and they have ensured that there has been effective corporate governance in managing the affairs of the Board and the Company.

Subsequent to the resignations of Messrs Chen and Ng as an Independent Directors of the Company, the Board has appointed two new Independent Directors Mr Aswath Ramakrishnan and Mr Koh Beng San.

The Board has sought confirmation from each of the Non-Executive Independent Directors that, apart from their office as Directors of the Company, none of them has any other relationship (business or otherwise) with the Company, its subsidiaries, related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the respective Director's independent judgment, acting in the best interests of the Company. In addition, the Independent Directors would meet periodically to discuss pertinent issues and provide feedback to the Executive Director after such meetings.

CORPORATE GOVERNANCE

Key Management

James Moffatt Blythman

Executive Director and Chief Financial Officer

James Moffatt Blythman was appointed as Chief Financial Officer on 1 March 2018 and then as Executive Director on 28 May 2018. He is responsible for the Renaissance Group's business strategy and development. As a qualified CPA (Australia) and a Certified Fraud Examiner with 10 years of experience in strategic planning, business development and general management, he is well suited to oversee and steer the Group's diversified businesses, ranging from natural gas sector in China to the electronics sector in Singapore, and property development in the United States.

Koh William

CEO, ESA Electronics Pte Ltd and subsidiaries ("ESA")

Koh William is one of the co-founders of ESA and he holds a Diploma in Electrical and Communication Engineering from the Singapore Polytechnic. Mr. Koh has valuable experience in the field of engineering from his past appointments and participation in the engineering divisions of various companies. Prior to joining ESA, Mr Koh was a maintenance engineer at Infineon Technologies in Singapore.

Mr. Koh is presently responsible for the management and operations (including the technical, engineering and marketing aspects) of ESA.

Ong Swee Hin, Danny

Engineering Director, ESA

Ong Swee Hin, Danny holds a Degree of Bachelor in Engineering (Electrical and Electronics) from Nanyang Technological in 2001. He has more than 20 years of working experience in engineering. As the Engineering Director, he manages a team of design engineers. Mr. Danny also oversees the CAD (Computer-Aided Design) application, software and product development departments in ESA.

Wilson On Wang Sang

Director of Hubei ZongLianHuan Investment Management Inc. ("HZLH")

A Chinese (Hong Kong) national, Wilson On holds a Master's Degree in demographics. Mr On serves as Director for the China business unit of HZLH. Mr On has experience in finance, commercial trading, and business management gained in mainland China and Hong Kong since 1986. From 2003, Mr On joined Ipco Group (as it was previously known) and, has been mainly engaged in city gas development and management projects in China for HZLH.

Provision 1.1 Fiduciary Duties, Code of Conduct and Ethics and Conflict of Interests

Each Director is a fiduciary of the Company, and acts objectively in the best interest of the Company and the Board holds Management accountable for all aspects of the business of the Group.

The Board has puts in place ethical and code of conduct policies which set the tone of the organizational culture and accountability it expects of its directors and key officers.

CORPORATE GOVERNANCE

All Directors are required to declare their interest under section 156 of the CA in respect of any transaction or proposed transaction the Company is entering into as well as to recuse themselves from voting for transactions they are interested in or there appears to be a conflict of interest, as determined by the Board after being notified of the Director's interest.

Provision 1.2 – Roles of Directors, Training and Development

When directors are first appointed to the Board, an orientation program is arranged to provide them with an understanding of the Company's business, governance practices and, Directors' duties and obligations. Where a new Director who has been nominated for his or her specialised knowledge, additional orientation is provided for the new Director to familiarise himself or herself with the particular business segment where his or her skills are required. Such orientation includes visits to the relevant subsidiary and meetings with management of the subsidiary to ensure an in-depth understanding of the operations and financial position of the subsidiary. The Company also recommends courses for its Directors to attend to ensure they keep up-to-date with the changes in the Companies Act, Listing Rules, the Code and applicable financial reporting standards. Directors who are first time appointees on boards of a company listed on the SGX-ST are required to undergo the Listed Entity Director Programme, organised by the Singapore Institute of Directors ("SID").

Upon appointment, each non-executive Director is given a formal letter setting out his or her duties (including being a member of any sub-committees, such as the Audit, Remuneration or Nominating Committees) and the terms of certain significant policies of the Company.

The Company welcomes Directors' request for further explanations, briefings or informal discussions on any aspect of the Company's operations or business from the Management.

In the course of their directorships, all Board members are encouraged to attend regular training, particularly on relevant new laws, regulations and changing commercial risks from time to time. Changes to regulations and accounting standards are monitored closely by the Management.

To keep pace with regulatory changes, where these changes have an important bearing on Directors' disclosure obligations, Directors are briefed either during Board meetings or at specially-convened sessions conducted by professionals. In particular, Directors are encouraged to attend relevant courses conducted by the SID, SGX-ST and the Company's consultants. For the year under review, the Executive Director has undergone various continuing professional development courses to maintain his CPA status, and the other independent directors have from time to time had informal briefings regarding the latest changes in the Listing Rules and other applicable rules and regulation affecting the Company.

Provision 1.3 – Matters Requiring Board Approval

The principal functions of the Board are:

- (1) to provide entrepreneurial leadership and approve the broad policies, strategies and financial objectives of the Company and monitor the performance of the Management;
- (2) to ensure that necessary financial and human resources are in place for the Company to meet its objectives;
- (3) to oversee the process for evaluating the adequacy of internal controls, financial reporting and compliance;
- (4) to approve the change of directors and key management personnel of the Company;
- (5) to approve annual budgets, major funding proposals, investment and divestment proposals;

CORPORATE GOVERNANCE

- (6) to assume responsibility for corporate governance;
- (7) to set the Company's values and standards, and ensure that obligations to key stakeholder groups are understood and met; and
- (8) to delegate authority to the respective committees, such as the Nomination, Remuneration and Audit Committees, to carry out their duties and make decisions in their specific roles.

The Board has previously approved and adopted internal control procedures and guidelines for the Company as well as a list of matters that require the Board's approval. These have been communicated to Management and are set out below:

- Statutory requirements such as approval of financial statements;
- Other requirements such as the quarter, half-year, full-year results announcements, the annual report and financial statements;
- Corporate strategies, business re-organisation, financial restructuring and action plans;
- Investment and divestment proposals;
- Financial/Funding arrangements and decisions of the Group;
- Nomination of Directors and appointment of key executives;
- Material acquisition and disposal of assets/investments;
- Material capital expenditures;
- Issuance of policies and key business initiatives;
- Declaration of interim dividends and the proposal of final dividends;
- Convening of Shareholders' Meetings;
- Processes for evaluating the adequacy of internal controls risk management and compliance;
- The appointment and removal of the Company Secretary and internal and external auditors and key management staff;
- Acquisition/disposal proposals, annual budgets, major funding proposals and other material transactions;
- Share issuances;
- Other transactions of a material nature requiring announcement and/or approval of the SGX-ST and the Listing Rules, and all other matters of strategic importance; and
- Any matter that is outside of the ordinary course of business or a significant issue arising from the ordinary course of business of any of its subsidiaries.

The Board ensures compliance of regulatory requirements by seeking the advice of the company secretary or other professional as and when required.

CORPORATE GOVERNANCE

Provision 1.4 – Board Committees

The Board has established a Nominating Committee, a Remuneration Committee and an Audit Committee, each of which has been delegated specific authority and function. The Board has put in place terms of reference for each Committee to address their respective scopes. Each committee's terms of reference and its members are more particularly described in the following pages of this CG Report. Each Committee is chaired by an Independent Director and all the members are Non-Executive and Independent Directors. The effectiveness of each Committee is also constantly reviewed by the Board.

Other than the Nominating Committee ("NC"), Remuneration Committee ("RC") and Audit Committee ("AC"), the Board has no other committees.

Provision 1.5 – Board and Committee Meetings

The full Board meets at least four times a year formerly. Whenever warranted by particular circumstances, ad hoc, non-scheduled Board meetings are convened. In addition to these meetings, some matters concerning the Group are also put to the Board for its decision by way of written resolutions.

The number of Board meetings and other meetings held in FY2020 and the attendances of the Directors at these meetings are set out below:

Meetings of Board, Audit, Nominating, and Remuneration Committees

	Board	Audit Committee	Remuneration Committee	Nominating Committee
Number of meetings held	3	3	–	–
Number of meetings attended				
James Moffatt Blythman ⁽¹⁾	3	3	–	–
Joseph Chen	3	3	–	–
Ng Fook San	3	3	–	–
Sazali Bin Mohd Nor	3	3	–	–

(1) James Moffatt Blythman was invited to attend all meetings of the audit committee.

The Board requires that Directors disclose to the Company if they serve on multiple Boards so that the Company can assess if such Directors have sufficient time and attention to give to the affairs of the Company. This assessment is made at the same time that the Board assesses the effectiveness of each Director at the last meeting of each financial year.

During the COVID-19 restrictions, the Directors did not arrange for the 4th formal meeting of the Board and of the AC for the year under review. The Directors were in constant touch by way of telephone conference to deal with business issues faced by the Group brought about by COVID-19 pandemic and also to approve the unaudited financial results of the Group for release.

For the year under review, no formal meeting of the RC and NC was held.

CORPORATE GOVERNANCE

Provision 1.6 – Provision of timely information to Board

The Management, charged with the day-to-day running of the business of the Group, provides the Board with all relevant information prior to each Board meeting, and updates the Board on the completion of actions agreed during Board meetings to be taken, and also from time to time when there is any material or significant development to the Group's business. This is to ensure that the Board as a whole is able to make informed decisions and to discharge its duties and responsibilities effectively.

Provision 1.7 – Access to Management, Company Secretary and consultants of the Company

All Directors have direct access to Management, the Company Secretary and if required, external advisors of the Company at the Company's expense. The Board acknowledges that the appointment and removal of the Company Secretary is a decision to be taken by the Board as a whole.

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company

Since 19 January 2018, the Company has been led by an effective Board which has a pivotal role directing the strategic course and providing effective control of the Group.

The Board as at 30 April 2020 comprised four (4) Directors as follows:

Mr Ng Fook San, Non-Executive and Independent Director
Mr Joseph Chen, Non-Executive and Independent Director
Mr Sazali Bin Mohd Nor, Non-Executive and Independent Director
Mr James Moffatt Blythman, Executive Director and Chief Financial Officer

As at 13 October 2020, the Board comprises four (4) Directors as follows:

Mr Aswath Ramakrishnan, Non-Executive and Independent Director
Mr Sazali Bin Mohd Nor, Non-Executive and Independent Director
Mr Koh Beng San, Non-Executive and Independent Director
Mr James Moffatt Blythman, Executive Director

Provision 2.1 - Independence

Three out of four Board members are non-executive and independent Directors. The Board considers an "independent" director to be one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interest of the Company.

With three Independent Directors who are senior members of their respective industries, the independent Directors are able to challenge and help Management develop proposals on strategy, and review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. The Board is, therefore, able to exercise independent judgment on corporate affairs and provide the Management with diverse and objective perspectives and guidance on issues.

The role of the three Independent Directors is particularly important in ensuring that all the strategies and objectives proposed by Management are fully discussed and examined, and that they take into account the long-term interests of the shareholders and the Group's employees.

CORPORATE GOVERNANCE

There are no relationships or circumstances which are likely to affect, or could appear to affect the independence of and the judgement of any Independent Director of the Company.

The Independent Directors have confirmed their independence, and the Board has determined, taking into account the views of the NC, that all Independent Directors are independent.

James Moffatt Blythman, Executive Director and Chief Financial Officer is deemed be interested in the 14.24% shares held by Meridian Equities Pte Ltd by virtue of his ownership of Meridian Equities Pte Ltd.

None of the Independent Directors has served on the Board beyond nine years from the date of his first appointment. None of the Directors serves on the board of more than five listed companies.

Provisions 2.2 & 2.3 – Majority of the Board

The Non-Executive and Independent Directors make up the majority of the Board of the Company. The Company does not currently have a chairman.

Provision 2.4 – Composition of Board Committees

The Board comprises Directors who, as a group, provide an appropriate balance and diversity of skills, experience and knowledge of the Group. They possess core competencies such as legal, accounting, banking, finance, financial risk and fraud evaluation, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. A brief description of the background of each director is presented in the “Profile of Directors” section of this CG Report.

Although the Board has a broad diversity policy when identifying nominations for directorships, the current Board does not comprise any female director. The nomination of Mr Aswath Ramakrishnan and Mr Koh Beng San as Independent Non-Executive Directors has been made principally due to their industry knowledge and business contacts in the legal fraternity and gas industry, respectively.

Provision 2.5 – Independent Directors meet without Management

As and when necessary, the non-executive and independent Directors meet to discuss issues without the presence of Management, and the chairman of such ad hoc meeting will as practicable or at the next meeting of the Board report the conclusions of such meetings to the Board.

Principle 3: Chairman and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Board as referred to above in write-up on Principle 2 is comprised of a majority of non-executive and independent Directors, and Management is lead by the sole executive Director, who is also the Chief Financial Officer.

Provision 3.1 – Separation between Chairman and Chief Executive Officer

The position of the chairman of the Company has been vacant since August 2006. The Company currently does not have a chairman or a Chief Executive Officer. Notwithstanding the above, the Board is of the view that there are sufficient safeguards, checks and balances to ensure that all decisions made by the Board are independent and collective in nature. In addition, each of the key operating subsidiaries has its own core management team. Further, as noted above, under the write-up of Principle 2, there are 3 non-executive and independent Directors and only 1 executive director representing Management on the Board.

CORPORATE GOVERNANCE

All major decisions are made in consultation with the Board, and where necessary, external consultants are invited to attend Board Meetings to assist the Directors in their deliberations.

Notwithstanding the lack of a chairman, the Board collectively ensures:

- (a) the Board's effectiveness on all aspects of its role;
- (b) that the agenda is set for all board meetings in consultation with all directors, and that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) the promotion of a culture of openness and debate at the Board;
- (d) that the directors receive complete, adequate and timely information;
- (e) effective communication with shareholders;
- (f) encourages constructive relations within the Board and between the Board and Management;
- (g) the facilitation of effective contribution of non-executive and independent directors in particular; and
- (h) promotion of high standards of corporate governance.

Provision 3.2 – Division between Chairman and Chief Executive Officer

As explained above under Provision 3.1, the Company does not have a chairman or a Chief Executive Officer. However, the leadership of the Board and the Management is separate and distinct, and each position has its separate set of duties and responsibilities. The duties and responsibilities are not reduced in writing as the leadership of the Board is helmed by the independent Directors, while the leadership of Management is helmed by the Executive Director who is also the Chief Financial Officer.

Provision 3.3 – Lead Independent Director

The Company does not have a lead independent director as the leadership of the Board is not helmed by an executive or non-independent Director. Shareholders are able to contact all independent Directors directly without having to go through the Management.

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

New directors are appointed by the Board after the Nominating Committee ("NC") has reviewed and recommended their appointments. When the need for a new director arises, the NC will review the expertise, skills and attributes of the current Board, identify its needs and shortlist candidates with the appropriate profiles for nomination. New directors are identified from contacts of the Directors and/or through executive search firms, if a particular director with specialised skillsets is required. In its search and selection process, the NC will interview at least 2 shortlisted candidates.

New directors must subject themselves for re-election at the Annual General Meeting ("AGM") of the Company following their initial appointment. Regulation 89 of the Company's Constitution also requires at least one-third of the Board to retire via rotation at every AGM. Retiring directors are eligible for re-appointments at AGM. Directors who are appointed casually to fill a vacancy must retire at the next AGM and are eligible for re-election.

Provision 4.1 – Establishment of Nominating Committee

The Board has constituted a Nominating Committee which comprises all three Independent Directors. The Chairman of the NC is Mr Sazali Bin Mohd Nor, who is an Independent Non-Executive and Director. No alternate director has been appointed by any of the current sitting Directors.

The NC's principal functions are as follows:

- (a) review the succession plans for directors, including the Chairman, the CEO and key management personnel;
- (b) review and recommend to the Board, key executive appointments, all board appointments and re-appointments;
- (c) determine the independence status of the Independent Directors annually;
- (d) determine whether or not a Director is able to and has been adequately carrying out his or her duties as a Director of the Company; and
- (e) evaluate the performance and effectiveness of the Board as a whole and the contribution of each Director.

At the current time, the NC has not put in place a succession plan as the priority of the Company is to ensure that the Group's businesses and operations are stabilised and steered in the right direction.

Each Director's reappointment or re-election is considered by the NC in accordance with the Regulations of the Company's constitution ("Constitution") and implemented.

The NC also assesses the independence of each independent Director based on its disclosure and declarations at the end of each financial year, and also from time to time where such as need to re-assess arises.

At the start of each financial year, the NC will review and recommend to the Board certain courses or refreshers for the Directors. These may take the form of a formal training course or an update of the Group's financial, business and operation status.

Provision 4.2 – Majority of the Nominating Committee is Independent

The NC comprises Mr Sazali Bin Mohd Nor, who is the Chairman of the NC, Mr Aswath Krishnan, a Non-Executive Independent Director and Mr Koh Beng San, also a Non-Executive Independent Director.

Provision 4.3 – Process of selection and appointment of and Criteria to identify and evaluate potential directors, channel of search etc

Where a vacancy exists, or where additional Directors are required, the Board will seek potential candidates and refer them to the NC for interview and assessment of their credentials and suitability for the appointment. In addition, the NC has the liberty to instruct executive search companies, receive referrals from personal contacts (as relevant), deliberate on and consider any such recommendations in its search and nomination process for the right candidates.

CORPORATE GOVERNANCE

New directors are appointed by the Board after the NC has reviewed and recommended their appointments. When the need for a new director arises, the NC will review the expertise, skills and attributes of the Board, identify its needs and shortlist candidates with the appropriate profiles for nomination. New directors are identified from contacts of the Directors and/or through executive search firms, if a particular director with specialised skillsets is required. In its search and selection process, the NC will interview at least 2 shortlisted candidates.

For the year under review, the NC did not make any nominations.

Provision 4.4 – NC’s determination of directors’ independence

In accordance with the requirements of the Code, the NC has reviewed the status of the Independent Directors and is of the view that they are all in compliance with the Code’s definition of independence.

The NC reviews at the end of each financial year and from time to time, where circumstances so require, the independence of a Director in accordance with such director’s disclosure and written confirmation of independence. Where any Director has any relationship with the Company or there are other factors that may impede a director’s independence, such relationship or factors will be disclosed in the Annual Report.

As at the end of the financial year ended 30 April 2020, no non-executive and independent Director has any relationship with the Company nor is there any circumstance which would impede an independent Director’s independence, having regard to Provision 2.1 of the Code.

Provision 4.5 – NC’s determination of directors’ duties, performance and effectiveness

At the end of each financial year, the NC makes a formal assessment of the performance of the Board as a whole and also each Director’s performance and determines if each Director has been carrying out his or her duty adequately.

Page 135 of this CG Report details the principal commitments of each Director and the number of other directorships it holds in both private and publicly listed companies. In this connection, the Company does not set a maximum number of listed company board representations for any of its Directors and believes that each director is able to discharge his responsibilities to the Board and the Company adequately, although for the financial year ended 30 April 2020, none of the Directors served on more than 5 boards at any one time.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole and that of each of its board committees and individual directors.

Provision 5.1 – NC recommends for Board approval performance of Board, each Board committee, the Chairman and each individual director

As stated above in accordance with Provision 4.5, the NC makes a formal assessment of the performance of the Board as a whole and also each Director’s performance, and determines if each Director has been carrying out his or her duty adequately. Prior to making such assessment, the NC will recommend for the Board’s approval the performance criteria it will adopt in making the assessment. No external facilitator has been engaged to perform the Board assessment process.

For the financial year ended 30 April 2020, all Directors were requested to complete a Board Assessment Checklist designed to seek their view on the various aspects of the Board performance so as to assess the overall effectiveness of the Board. The performance criteria for the Board evaluation covers amongst other criteria, composition structure and processes of the Board, access to information, corporate strategy, internal control and risk management and standard of conduct of the Board.

CORPORATE GOVERNANCE

The completed checklists were submitted to the Company Secretary for compilation and the consolidated responses were presented to the NC for review before submitting to the Board for discussion and determining areas for improvement with a view to enhance Board effectiveness.

Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

The factors taken into consideration for the re-nomination of the Directors for the current year are based on the Directors' attendance at meetings held during the year including their preparation and participation made by the Directors at the meetings.

(B) REMUNERATION MATTERS

Principle 6: Procedure for developing remuneration policies

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provisions 6.1 & 6.2 – Establishment of Remuneration Committee and Remuneration Matters

The Board has established a Remuneration Committee ("RC") to review and deliberate the compensation packages of Board members as well as key executives of the Company and the Group.

The responsibilities of the RC are to:

- make recommendations to the Board on matters relating to remuneration, including but not limited to fees, salaries, allowance, bonuses, options and benefits in kind of Directors and key executives;
- determine the appropriateness of remuneration of Directors and key executives;
- review and recommend to the Board, the terms of service agreements of Directors and key executives; and
- consider the disclosures requirements for Directors and key executives' remuneration as required by the Listing Manual and the Code.

All recommendations of the RC will be submitted for endorsement by the Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the RC. In determining remuneration packages of Executive Directors and key executives, the RC seeks to ensure that Executive Directors and key executives are appropriately rewarded. The RC will also consider, in consultation with the Board, amongst other things, their responsibilities, skills, expertise and contributions to the Company's performance, and whether the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent.

In discharging their duties, the RC may seek professional advice relating to the remuneration of all Directors and key executives. All recommendations of the RC will be submitted for endorsement by the Board. No Director is involved in deciding his own remuneration. The RC will from time to time review the terms of the service contracts or employment contracts entered into with executive Directors and key executives to ensure that the terms of such contracts are complied with by both parties.

CORPORATE GOVERNANCE

Annual reviews of the compensation of Director and key executives are carried out by the RC to ensure that the remuneration of the Executive Directors and key executives is commensurate with their performance and the value added to the Group, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Director and key executives is also reviewed periodically by the RC and the Board based on the revenue contributions by respective business unit of the Group.

The current members of the RC are Mr Sazali Bin Mohd Nor, Chairman of the RC and a Non-Executive Independent Director, and Mr Aswath Ramakrishnan, member of the RC and Non-Executive Independent Director.

Provision 6.3 – RC considers all aspect of remuneration and terms of service

The RC is responsible for recommending to the Board, a general framework of remuneration for the Board and key management personnel. The RC reviews and recommends remuneration policies and packages that attract, retain and motivate Directors and key management personnel to run the Company successfully. The review of remuneration packages takes into consideration the longer-term interests of the Group and ensures that the interests of the Directors align with those of the shareholders. The review covers all aspects of remuneration, including but not limited to Directors' salaries, fees, allowances, bonuses, options, share-based incentive and award and benefits-in-kind. The management is responsible for recommending a framework of remuneration for the key executives to the RC. In reviewing and recommending remuneration policies for the key executives, the management uses various criteras including the aforesaid guidelines.

No member of the RC is involved in deliberating in respect of any remuneration, compensation or any form of benefits to be granted to him.

The RC reviews the Company's obligations arising in the event of termination of the executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Each member of the RC abstains from voting on any resolutions and making any recommendation and/or participating in discussion regarding his own remuneration package or on matters in which he is interested.

For the year under review, no changes to the remuneration terms of the Executive Director or key personnel were proposed owing to the challenges posed by the COVID-19 pandemic. Therefore, no meeting of the RC was conducted.

Provision 6.4 – Remuneration Consultants

The RC has access to appropriate expert advice inside and/or outside the Company on remuneration of all the Directors. For the financial year ended 30 April 2020, the RC has not consulted any external remuneration consultant.

Principle 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

CORPORATE GOVERNANCE

Provisions 7.1 & 7.3 – Linking of remuneration to corporate and individual performance and alignment with shareholders’ interest and long-term success of the Company

The remuneration package of the Executive Director and key management personnel are linked to corporate and individual performance. The RC will also take into consideration the remuneration and employment conditions within the industry and comparable companies. The remuneration of the Executive Director and key executives comprises a basic salary component and a variable component which is a discretionary bonus, tied to the performance of the Group as a whole and their individual performances. There are no pre-determined performance conditions for the discretionary bonus. The discretionary bonus for the Executive Director and key management personnel is recommended by the RC and subject to the approval of the Board. Discretionary bonus is based on qualitative criteria (including leadership, people development, commitment, teamwork, current market and industry practices) and quantitative criteria (including production, profit after tax and relative financial performance of the Group to its industry peers).

The Group’s remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate the Executive Director and key management personnel.

In respect of longer-term incentives, the Group does not currently have any share plan in place. The Board is, however, considering implementing a share plan. The priority for the Board for now is to stabilise the Group’s business and to regularise any past non-compliance of good corporate governance since taking over management and oversight of the Group in early 2018.

For the year under review, no recommendation has been made to the RC for any performance bonus to be made to, and no change to the terms of the service contract of, the Executive Director has been proposed.

Provision 7.2 – Remuneration of non-executive directors

The Independent Directors receive Directors’ fees in accordance with their contributions, taking into account factors such as effort and time spent and their responsibilities. The Non-Executive Directors’ fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the AGM. Except as disclosed in this Annual Report, the Independent Directors do not receive any remuneration from the Company.

Principle 8: Disclosure on Remuneration

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

CORPORATE GOVERNANCE

Provision 8.1 (a) – Disclosure on Remuneration of Directors

While the 2018 Code recommends that companies fully disclose the amount and breakdown of remuneration for each individual director and the CEO on a named basis, for confidentiality reasons and prevention of poaching, the Board has deviated from complying with Provision 8.1(a) of the Code, and provide herein below a breakdown, showing the level and mix of each Director's remuneration in bands of S\$150,000 for the financial year ended 30 April 2020:

Remuneration Band and Name of Director	Salary*(a) %	Fees %	Bonus %	Other benefits %	Total %
Below \$150,000					
James Moffatt Blythman	88%	10%		2%	100%
Joseph Chen		100%			100%
Ng Fook San		100%			100%
Sazali Bin Mohd Nor		100%			100%

Non-executive Directors are paid Directors' fees appropriate to their level of contribution to the Board, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate Directors. Non-executive Directors' fees of a total S\$10,000 are recommended by the Board and tabled for shareholders' approval at the upcoming AGM. The RC considers the current level of fees paid to and proposed for non-executive Directors to be appropriate, given the current financial and operational positions of the Group. The RC will review the current proposed fees when the overall position of the Group has stabilised and improved.

For the year under review, the total fees of S\$10,000 does not include fees paid to the Non-Executive Independent Directors by the Company's Subsidiary ESA Electronics Pte. Ltd S\$24,000 and Renaissance United Development Sdn Bhd S\$23,853.

Provision 8.1 (b) – Disclosure on Remuneration of Key Personnel

Provision 8.1(b) of the Code provides that companies should name and disclose the remuneration of at least the top five (5) key management personnel (who are not Directors or the CEO) in bands of S\$150,000. In addition, the companies should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not Directors or the CEO).

For confidentiality reason and prevention of poaching, the Board has deviated from complying with Provision 8.1(b) of the Code. The Company only partially complies with the above recommendation by providing below a breakdown, showing the level and mix of each of the top five (5) management personnel's remuneration (who are not Directors or the CEO) in bands of S\$150,000 for the financial year ended 30 April 2020:

Remuneration paid to the key executives and Executive Director of the Group for FY2020 was approximately S\$327,000 and is disclosed in the respective bands set out in the table below. The Board believes that given the confidentiality of and commercial sensitivity attached to remuneration matters, the remuneration will not be disclosed in dollar terms.

As Note 30 of the Financial Statements also sets out such information, the Board is of the opinion that the information disclosed here is sufficient to shareholders for their understanding of the Company's compensation policies.

CORPORATE GOVERNANCE

To maintain confidentiality of the key executives' remuneration, only their remuneration mix is disclosed as follows:

Remuneration Band and Name of Key Management Executive	Salary*(a) %	Fees %	Bonus %	Other benefits %	Total %
\$150,000 to \$300,000					
William Koh	86%		7%	7%	100%
Wilson On Wang Sang	100%				100%
Below \$150,000					
James Moffatt Blythman*	88%	10%		2%	100%
Danny Ong Swee Hin	93%		7%		100%

(a) Salary is inclusive of defined contribution plan.

* James Moffatt Blythman's remuneration is repeated in the key executive table and is not in addition to his remuneration disclosed in the Directors' table.

Provision 8.2 – Remuneration of related employees

For the financial year ended 30 April 2020, there were no employees related to a substantial shareholder, a Director, or the Chief Financial Officer.

Provision 8.3 – Other forms of remuneration and share schemes

Details pertaining to the form of remuneration and other payments and benefits to Directors, Management and key personnel are disclosed under Provisions 8.1 and 8.2 above. Other than disclosed in Provisions 8.1 and 8.2, the Group does not operate any share plan and has not paid any other form of remuneration to any Director, Management or key personnel.

(C) ACCOUNTABILITY AND AUDIT

Principle 9: Risk management and internal controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provisions 9.1 & 9.2 – Board oversight of risk management and disclosure in Annual Report

The Board has overall responsibility for managing the Group's key risks in order to safeguard shareholders' interests and its assets.

The Audit Committee ("AC") assists the Board in providing risk management oversight while the day-to-day management and monitoring of existing internal control systems are delegated to Management which comprises the Executive Director and key executives of the Group.

CORPORATE GOVERNANCE

The external auditors will highlight any material control weaknesses within the Group discovered in the course of the statutory audit. In case of any issues arising from the external auditors' comments and findings, the Board will ensure that there are adequate internal controls within the Group and follow-up on actions implemented. The key risks have been identified and action plans have been put in place to mitigate these risks. Management will regularly review the key risks, both existing and emerging new risks, and current controls put in place in respect of these key risks. Measures and controls put in place to address and mitigate these risks have been made taking into account recommendations from the internal auditors.

The current Board regularly reviews the Group's business and operational activities to identify areas of significant business risks, in order to control and mitigate these risks appropriately. The Company reviews its control policies and procedures regularly and highlights all significant matters to the AC and Board.

The AC and the Board note that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities; however, they are committed to strengthening controls moving forward.

The Board has, at least, on an annual basis, reviewed the adequacy and effectiveness of the Group's risk management systems as well as the internal control systems including financial, operational, compliance and information technology controls based on procedures established and maintained by the Group and the reviews by the management.

The Group's financial risk management objectives are discussed under Note 30 of the Notes to the Financial Statements.

For the financial year ended 30 April 2020, the Board and the AC have received assurance from Management on the adequacy and effectiveness of the Group's risk management systems as well as the internal control systems put in place are adequate and effective in addressing the key risks identified in its current business environment including financial, operational, compliance and information technology; also the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

Based on the Group's internal controls put in place and the procedures established and maintained by the Group, as well as work and review performed by the external auditors, the management and the Board, the Board with the concurrence of the AC is of the view that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place are adequate and effective as at 30 April 2020.

The Board did not establish a separate board risk committee as the Board is already currently assisted by the AC and management in carrying out its responsibility of overseeing the Company's internal controls and risk management systems framework and policies.

Principle 10: Audit Committee

The Board has an Audit Committee which discharges its duties objectively.

Provisions 10.1, 10.2 & 10.3 – Duties and composition of AC

The AC comprises three Board members, all of whom are Non-Executive and Independent Directors. The Chairman of the AC is Mr Koh Beng San. Mr Aswath Ramakrishnan and Mr Sazali Bin Mohd Nor, both Non-Executive and Independent Directors are members of the AC. There is no restriction imposed on the number of members in the AC committee, other than what is the minimum requirements as set out under the Listing Rules and the Code.

CORPORATE GOVERNANCE

The AC carries out its functions in accordance with Section 201B(5) of the Companies Act, and has been entrusted with the following functions:

- (a) reviews with the auditors the audit plans, their evaluation of the system of internal controls, audit reports and management letter and ensures the adequacy of the Group's system of accounting controls and co-operation given by the Management to the Auditors;
- (b) reviews the quarterly, half-yearly and annual financial statements before submission to the Board and before their announcement in particular, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards, compliance with stock exchange and statutory/regulatory/requirements, financial accounting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (c) reviews the scope and results of the internal audit function and ensuring co-ordination between the internal and external auditors and the Management;
- (d) reviews the co-operation given by the Company's officers to the auditors;
- (e) reviews the legal and regulatory matters that may have a material impact on the financial statements, disclosure and compliance requirements and programs and reports received from the regulators;
- (f) reviews the cost effectiveness, independence and objectivity of the auditors;
- (g) reviews the nature and extent of non-audit services, if any, provided by the external auditors and seek to balance the maintenance of independence and value for money;
- (h) undertakes such other reviews and projects as may be requested by the Board;
- (i) reviews, at least annually, the adequacy and effectiveness of the internal audit function;
- (j) ensures that the external and internal audit function is adequately resourced (staffed with persons with relevant qualifications and experience), independent of the activities it audits and has appropriate standing within the Company;
- (k) reviews and nominates external auditors for appointment/re-appointment and approving their remuneration and terms of engagement;
- (l) reviews all interested person transactions to ensure that they comply with the approved internal control procedures and are in accordance with the requirements of the Listing Manual of the SGX-ST; and
- (m) discloses the following information in the Company's annual report:-
 - names of the members of the AC;
 - details of the AC activities;
 - number of AC meetings held in that year; and
 - the attendance of individual directors at such meetings.

CORPORATE GOVERNANCE

The AC meets at least four (4) times a year, and more frequently if required. In particular, the AC meets to review the financial statements before each announcement. In the financial year under review, the AC has reviewed and approved the audit plan, the quarterly, half-yearly and full-year unaudited results for announcement purposes.

The AC may meet with the auditors at any time, without the presence of the Company's management. It may also examine any other aspects of the Company's affairs, as it deems necessary, where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations. The AC has power to conduct or authorise investigations into any matters within the AC's scope of responsibility.

No former partner or director of the Company's existing auditing firm is a member of the AC (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

Each member of the AC abstains from voting on any resolutions and making any recommendation and/or participating in discussion on matters in which he is interested.

Provisions 10.4 & 10.5 – Internal Audit function and meeting with internal and external auditors

The Board believes in the importance of maintaining a sound system of internal controls to safeguard the interests of the shareholders and the Company's assets. The system of internal controls provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

The AC has appointed an external firm, M/s. PKF LLP (the "Internal Auditors"), to carry out the internal audit function. An agreed scope of internal audits has been agreed between the AC and the Internal Auditors for the financial year beginning 1 May 2019 to 30 April 2020. For each subsequent financial year, the AC will review and approve the audit plans and the results of the Internal Auditor's examination of the Company's system of internal controls.

The management of the various subsidiaries and the Management are accountable to the Board for the provision of detailed management accounts of the Group and the Group companies' performance, position and prospects on a quarterly basis.

The AC did not meet with the internal auditors on its own as there was no issue that required such a meeting.

The AC is satisfied that the internal audit function is independent and the internal auditors has adequate resources to perform its function effectively and is staffed by suitably qualified and experienced professionals with the relevant experience.

The Board recognises its responsibilities in ensuring a sound system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems to safeguard shareholders' investments and the Company's assets. Rule 719(1) of the SGX-ST Listing Manual requires an issuer to have a robust and effective system of internal controls, addressing financial, operational, compliance and information technology controls and risk management systems. Effective internal controls not only refer to financial controls but include, among others, business risk assessment, operational and compliance controls.

CORPORATE GOVERNANCE

The AC may meet with the auditors at any time, without the presence of the Company's management. It may also examine any other aspects of the Company's affairs, as it deems necessary, where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations. The AC has power to conduct or authorise investigations into any matters within the AC's scope of responsibility. For the financial year ended 30 April 2020, the AC met with the external auditors once without the presence of Management.

The AC Chairman has also met with the SGX Regulators to discuss historical irregularities and non-compliance as part of its review of the Company's Corporate Governance policies and procedures.

The aggregate amount of fees paid to the external auditor of the Company, broken down into audit and non-audit services during FY2020 are disclosed in the Note 8 to the Financial Statements. The audit partner assigned to the audit has also not been in charge of more than five (5) consecutive audits.

Service Category	Fees Paid/Payable (S\$'000)
Audit Service	141
Non-Audit Service	10
Total Fees	151

There was no interested party transaction during the financial year under review.

Throughout the financial year, the Board will assess and review, together with the assistance of the NC, to ensure that the members of the AC are appropriately qualified to discharge their responsibilities. The Board views that adequate and reasonable assistance and support have been properly rendered by the Directors, Management and key executives to enable the AC to carry out its role effectively and efficiently. The AC comprises members who have expertise and experience in financial management and are qualified to discharge the AC's responsibilities. The AC has taken measures to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements by attending seminars to update themselves.

The Group's external auditors, Baker Tilly TFW, is an accounting firm registered with the Accounting and Corporate Regulatory Authority. Having regard to Baker Tilly's other auditing engagements, the size and complexity of the Group and the number and experience of supervisory and professional staff assigned to the audit, the Group is satisfied that Baker Tilly and the audit engagement partner assigned to the audit have adequate resources and experience to meet its audit obligations. In this connection, the Group confirms that it is in compliance with Rule 712 and Rule 715 read together with Rule 716 of the Listing Manual of SGX-ST in relation to the appointment of auditors. Baker Tilly has indicated to the AC and the Board of its intention to seek for reappointment as auditor of the Company at the forthcoming AGM.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder rights and conduct of general meeting

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

CORPORATE GOVERNANCE

Provisions 11.1, 11.2 & 11.3 – General meetings

The Board welcomes the views of shareholders on matters affecting the Company at the shareholders' meetings. The Board encourages active shareholder participation in general shareholders' meetings, including AGMs and Extraordinary General Meetings ("EGM"). It believes that general meetings are an opportune forum and suitable platform for shareholders and the Board and Management of the Company to engage in active exchange of ideas. In addition, the Company holds such shareholders' meetings in order to provide shareholders with greater opportunity to understand the company's business.

Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Constitution of the Company allow each shareholder to appoint up to two (2) proxies to attend AGMs. The Companies Act now allows corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

In light of the COVID-19 situation, the Company ensures its Annual Report is available to all shareholders electronically and the Notice of AGM is made available on SGXNET to all shareholders before the meeting. If a specific corporate action that requires shareholders' approval is proposed to be undertaken, a circular will be written up containing all pertinent information addressed to shareholders. Reports or circulars of the general meetings will be accessible to all shareholders electronically and also made available on SGXNET.

Separate resolutions are proposed for substantially separate issues at the general meeting. At its AGM, shareholders have the opportunity to raise questions to the Board and Management, and clarify with them any issues they may have relating to the resolutions to be passed.

The Chairman of the Audit, Remuneration and Nominating Committees, Board members, and Management are required to attend shareholders' meetings and are on hand to address any questions raised. The external auditors were also present at the last AGM of the Company held on 29 August 2019 to assist the Directors in addressing any relevant queries on the accounts from the shareholders.

Shareholders will be informed of the procedures, including voting procedures that govern general meetings. Where a resolution has been put to vote, the Company will make an announcement of the details and results showing the number of votes cast for and against each resolution and the respective percentages.

The Company has not amended its Constitution to provide for absentia voting methods which call for elaborate and costly implementation of a fool-proof system, the need for which does not presently arise. The AGM minutes of the Company are available upon request by Shareholders.

The Board is not recommending any dividend distribution to its shareholders for the financial year under review. The Board is of the view that the Group has to first rebuild and strengthen its financial position.

In view of the current COVID-19 situation, the forthcoming AGM to be held in respect of FY2020 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 i.e. this Order provides that the alternative arrangements apply to meetings held during the period commencing from 27 March 2020 ending on 30 June 2021. Alternative arrangements relate to attendance at the AGM via electronic means i.e. live audio-visual webcast or live audio-only stream, submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM (if any) and appointing the Chairman of the Meeting as the proxy at the AGM, will be put in place.

CORPORATE GOVERNANCE

Provision 11.5 – Minutes of general meetings

The Company, with the help of the Company Secretary, prepares minutes of general meetings that include substantial and relevant comments relating to the agenda of the meetings and responses from the Board and management and such minutes, where relevant will be made available to shareholders upon their written request.

In view of the regulatory announcement released by SGX-ST on 27 April 2020 providing the issuers on additional guidance on the conduct of general meetings during safe management period, the Company would publish minutes of the AGM within one month after the general meeting on SGX-Net. Questions will not be taken and responded to during the AGM held by electronic means. Questions from shareholders should be submitted in accordance with the procedure set out in the notice of AGM published on the SGX-Net on 11 November 2020.

Provision 11.6 – Dividend policy

The Group does not have a dividend policy at present which deviates from Provision 11.6 of the Code. In considering the declaration of dividends, the Company will have to take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. No dividend is recommended and declared for the financial year under review as the Board is of the view that the Group has to first rebuild and strengthen its financial position. With the ongoing COVID-19 pandemic, the Group is looking to conserve cash for its operations.

Principle 12: Engagement with shareholders

The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Provisions 12.1, 12.2 & 12.3 – Shareholder engagement

The Company believes that a high standard of disclosure is crucial to raising the level of corporate governance. The Board is aware of its obligations to shareholders and has devised investor relations policies to provide regular, effective and fair communication, and to convey pertinent information to shareholders. In line with continuous disclosure obligations of the Company under the Listing Rules, the Board's policy is that all shareholders should be equally and timely informed of all major developments and events that impact the Group. All information communicated to shareholders relating to the Company's initiatives is first disseminated via SGXNET followed by a news release where appropriate over the SGX-ST's website, and through annual reports/circulars that are available via the Company's website. Notices of general meetings are advertised.

Results of quarterly, half yearly and annual reports are announced or issued within the mandatory period are also simultaneously disseminated via SGX-NET, and where relevant, the press. Contact details and channels of communications with shareholders and public remain open and relevant information is duly updated and conveyed via the Company's websites and email channels.

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

CORPORATE GOVERNANCE

Provision 13.1, 13.2 and 13.3 – Stakeholder engagement

The Group places great importance to having open and transparent engagement with our key stakeholders. Stakeholders play an important role to ensure the sustainability of our business and products. Half-yearly and year-end results are made available on SGX-Net and our website at www.ren-united.com.

The Group publishes a sustainability report which provides details about the strategy and key areas of focus in relation to the management of stakeholder relationships. The Group has also identified the environmental, social and governance factors that are important to these stakeholders. These factors form the materiality matrix upon which targets, metrics, programmes and progress are reviewed by and approved by the Board, before they are published annually in our sustainability report. Further details can be found in our sustainability report for the year ended 30 April 2020 which will be released shortly after the AGM.

To enable shareholders to contact the Company easily, the contact details of the company are set out in the contents page of this Annual Report as well as on the Company's website at <https://www.ren-united.com>.

Dealing in Securities

In line with Listing Rule 1207 (19) of the Listing Manual, the Company has in place an internal code on dealings with securities, which has been issued to all Directors and employees setting out the implications on insider trading.

The internal code prohibits the dealing in securities of the Company by Directors and employees while in possession of price sensitive information, and during the period beginning two (2) weeks before the announcement of the quarterly results and one (1) month before the announcement of the full year results, and ending on the date of the announcement of the respective results. Directors are required to report securities dealings to the Company Secretary who will assist to make the necessary announcements.

In addition, Directors and employees are reminded to observe insider trading laws at all times. The Company's officers are discouraged from dealing in the Company's shares on short-term considerations.

Interested Person Transactions

The Company has established internal control policies to ensure that transactions with interested persons are reported to the AC, reviewed and approved, and are on normal commercial terms and conducted at arm's length basis.

During the financial year FY20 and up to the date of this report, there was no interested person transaction.

Material Contracts

All material contracts entered into between the Company and its subsidiaries involving the interests of any director or controlling shareholder has been disclosed and announced.

Statement of Compliance

The Board is pleased to confirm that for the financial year ended 30 April 2020, the Company has generally adhered to the principles and guidelines set out in the Code.

CORPORATE GOVERNANCE

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE SGX-ST LISTING MANUALS

Mr James Moffatt Blythman, Mr Koh Beng San and Mr Aswath Ramakrishnan are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be held 25 November 2020 (“AGM”) under Ordinary Resolution 3, 4 and 5 (respectively) as set out in the Notice of AGM dated 11 November 2020.

Pursuant to Rule 720(6) of the SGX-ST Listing Manual, the information relating to the Retiring Directors is set out below:

Name of Director	Mr James Moffatt Blythman	Mr Koh Beng San	Mr Aswath Ramakrishnan
Date of Initial Appointment	28 May 2018	12 October 2020	17 July 2020
Date of last re-appointment (if applicable)	30 October 2018		
Age	35	46	34
Country of principal residence	Singapore	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Board acknowledges the contributions of Mr Blythman since his appointment.</p> <p>Mr Blythman is retiring pursuant to Regulation 89 of the Company's Constitution and is seeking re-election.</p> <p>The Board recommends Mr Blythman's re-election.</p>	<p>The Board has considered Mr. Koh Beng San track record, age, working experience, capabilities and other relevant factors for the appointment as the Non-Executive Independent Director of the Company.</p> <p>Mr Koh is retiring pursuant to Regulation 88 of the Company's Constitution and is seeking re-election.</p> <p>The Board recommends Mr Koh's re-election.</p>	<p>The Board has considered Mr Ramakrishnan track record, age, working experience, capabilities and other relevant factors for the appointment as the Non-Executive Independent Director of the Company.</p> <p>Mr Ramakrishnan is retiring pursuant to Regulation 88 of the Company's Constitution and is seeking re-election.</p> <p>The Board recommends Mr Ramakrishnan's re-election.</p>
Whether appointment is executive, and if so, the area of responsibility	Executive Appointment	Non-Executive Appointment	Non-Executive Appointment
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Chairman of the Audit Committee and a Member of the Nominating and Remuneration Committees	Member of the Audit, Nominating and Remuneration Committees

CORPORATE GOVERNANCE

Name of Director	Mr James Moffatt Blythman	Mr Koh Beng San	Mr Aswath Ramakrishnan
Professional qualifications	CPA (Australia) and Certified Fraud Examiner	Fellow Member of Association of Chartered Certified Accountant, UK and Member of Malaysian Institute of Accountants	LLB & LLM (Northumbria University) Barrister at Law
Working experience and occupation(s) during the past 10 years	<p>Year 2010 to 2011 – BlueScope Steel Ltd Sales & Marketing Officer (China)</p> <p>Year 2011 to 2013 – Xella International – Strategic Planning Manager (China) / Chief Representative (Vietnam)</p> <p>Year 2014 to 2015 – Secure Parking – Chief Operating Officer (China)</p> <p>Year 2016 to 2017 – Victoria State Revenue Office – Recovery Officer (Australia)</p> <p>Year 2017 to Current – Meridian Equities Pte Ltd – Director (Singapore)</p> <p>Year 2018 to Current – Renaissance United Ltd – Executive Director & Chief Financial Officer (Singapore)</p>	<p>Year 2003 to 2020 - Finance Director of Southern Industrial Gas Sdn Bhd a wholly owned subsidiary of SIG Gases Bhd a main market listed company on Bursa Malaysia Securities Bhd</p> <p>Year 2020 to Present Director of Koh BS & Co, Accountants (2020 to present)</p>	<p>Year 2012 – United National International Criminal Tribunal for the Former Yugoslavia (The Hague) Defence Team Member</p> <p>Year 2014 to 2018 – Messrs. Shearn Delamore & Co – Associate</p> <p>Year 2018 to current – Messrs. Ahmad Deniel, Ruben & Co – Partner and Head of Dispute Resolution Department</p>
Shareholding interest in the listed issuer and its subsidiaries	Yes	No	No

CORPORATE GOVERNANCE

Name of Director	Mr James Moffatt Blythman	Mr Koh Beng San	Mr Aswath Ramakrishnan
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Blythman holds a deemed interest for 880,000,000 shares held by Meridian Equities Pte Ltd	No	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments* Including Directorships# “Principal Commitments” has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	None	Director of Koh BS & Co, Accountants	Partner and Head of Dispute Resolution Department, Messrs. Ahmad Deniel, Ruben & Co
Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes	Yes
If yes, please provide details of prior experience.	Executive Director of the Company from 28 May 2018 to date	Non-Executive Independent Director of the Company from 13 October 2020 to date	Non-Executive Independent Director of the Company from 17 July 2020 to date
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.			

CORPORATE GOVERNANCE

Name of Director	Mr James Moffatt Blythman	Mr Koh Beng San	Mr Aswath Ramakrishnan
<p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>The Company and the NC requires all Directors to attend regular training and undergo specific training as prescribed.</p> <p>Mr Blythman is required to undergo yearly CPD training for his above mentioned professional qualifications.</p> <p>In addition, he has attended courses held by the Singapore Institute of Company Directors and will attend refresher courses as and when necessary and appropriate.</p>	<p>The Company will be enrolling Mr Koh in the recommended courses held by the Singapore Institute of Directors.</p>	<p>The Company will be enrolling Mr Ramakrishnan in the recommended courses held by the Singapore Institute of Directors.</p>

Mr James Moffatt Blythman, Mr Koh Beng San and Mr Aswath Ramakrishnan have confirmed negative on items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Rules.

SHAREHOLDERS' INFORMATION

STATISTICS OF SHAREHOLDERS AS AT 30 OCTOBER 2020

Issued share capital	:	S\$265,811,043.25
Number of shares	:	6,180,799,986
Class of Shares	:	Ordinary Shares
Voting rights	:	One vote for each ordinary share
Number of Treasury Shares	:	NIL

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 30 OCTOBER 2020

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1 - 99	5	0.04	179	0.00
100 - 1,000	448	3.77	439,934	0.01
1,001 - 10,000	3,311	27.85	19,327,394	0.31
10,001 - 1,000,000	7,487	62.97	1,317,499,489	21.32
1,000,001 AND ABOVE	638	5.37	4,843,532,990	78.36
TOTAL	11,889	100.00	6,180,799,986	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest		Deemed Interest	
	Units	%	Units	%
Meridian Equities Pte Ltd	0	0.00	880,000,000	14.24

*As at 30 October 2020, James Moffatt Blythman is the Executive Director and Chief Financial Officer of the Company. He holds a 100% interest in Meridian Equities Pte Ltd and therefore is deemed to have an interest in the shares of the Company.

SHAREHOLDERS' INFORMATION

TWENTY LARGEST SHAREHOLDERS AS AT 30 OCTOBER 2020

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	894,003,374	14.46
2	PHILLIP SECURITIES PTE LTD	511,656,353	8.28
3	CITIBANK NOMINEES SINGAPORE PTE LTD	234,559,200	3.79
4	MAYBANK KIM ENG SECURITIES PTE. LTD	163,436,100	2.64
5	QUEK CHIN SOON	95,000,000	1.54
6	NG QUEK PENG	76,383,900	1.24
7	DBS NOMINEES PTE LTD	72,466,400	1.17
8	HUANG QINGPING	65,000,000	1.05
9	ONG GIM LOO	65,000,000	1.05
10	OCBC SECURITIES PRIVATE LTD	53,202,898	0.86
11	PHUA MENG THONG	49,498,000	0.80
12	LAM WEI KUEN	48,000,000	0.78
13	SOH BENG HUAT OR SOH CHYE LIN	48,000,000	0.78
14	SOH ENG LEE	38,273,000	0.62
15	CHIA SOON KEONG	37,000,000	0.60
16	RAFFLES NOMINEES (PTE) LIMITED	30,906,800	0.50
17	LIM KEE WAY IRWIN	30,100,000	0.49
18	TAY BENG HON	30,035,000	0.49
19	NEO ENG KIAM	30,000,000	0.49
20	TIEW YEW SENG	28,901,000	0.47
	TOTAL	2,601,422,025	42.10

SHARES HELD BY THE PUBLIC AS AT 30 OCTOBER 2020

Based on information available to the Company as at 30 October 2020, approximately 85.76% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual issue by the SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

This Notice of Annual General Meeting (the “**Notice**”) of Renaissance United Limited (“the **Company**”) has been made available on SGXNET at the link: <https://www.sgx.com/securities/company-announcements> and the Company’s website at the link: www.ren-united.com. A printed copy of the Notice will NOT be dispatched to shareholders.

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “**AGM**”) of the Company will be convened and held by way of electronic means via a live webcast from 160 Robinson Road #26-06 SBF Center, Singapore 068914 on 25 November 2020 at 3:00 p.m. for the following purposes:

As Ordinary Business

To consider and if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 April 2020 together with the Directors’ Statement and the Auditors’ Report thereon. **[Resolution 1]**
2. To approve Directors’ fees of \$10,000/- (2019:S\$96,000). **[Resolution 2]**
3. To re-elect the following Director retiring pursuant to Regulation 89 of the Company’s Constitution: **[Resolution 3]**

Mr James Moffatt Blythman.
[See Explanatory Note 1]
4. To re-elect the following Director retiring pursuant to Regulation 88 of the Company’s Constitution: **[Resolution 4]**

Mr Aswath Ramakrishnan.
[See Explanatory Note 2]
5. To re-elect the following Director retiring pursuant to Regulation 88 of the Company’s Constitution: **[Resolution 5]**

Mr Koh Beng San.
[See Explanatory Note 3]
6. To re-appoint Messrs Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 6]**
7. To transact any other ordinary business which may be transacted at an annual general meeting.

NOTICE OF ANNUAL GENERAL MEETING

As Special Business

To consider and if thought fit, to pass the following resolution as ordinary resolution:

8. Authority to allot and issue new shares and convertible securities

[Resolution 7]

That pursuant to Section 161 of the Companies Act, Chapter 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this resolution was in force, provided that:
 - (i) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) to be issued pursuant to this resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);
 - (ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this resolution, after adjusting for:
 - (1) new shares arising from the conversion or exercise of any convertible securities;
 - (2) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this resolution; and
 - (3) any subsequent bonus issue, consolidation or subdivision of shares;

NOTICE OF ANNUAL GENERAL MEETING

- (c) in exercising the authority conferred by the Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note 4]

By Order of the Board

Allan Tan Poh Chye
Company Secretary

Singapore, 11 November 2020

EXPLANATORY NOTES:

- (1) Mr James Moffatt Blythman has submitted himself for re-nomination and re-appointment. Mr Blythman will, upon re-election as a Director of the Company, remain as Executive Director and Chief Financial Officer. Please refer to page 133 of the Annual Report for more information on Mr Blythman.
- (2) Mr Aswath Ramakrishnan was appointed by the Directors on 17 July 2020 pursuant to Regulation 88 of the Company's constitution. Under Regulation 88, any person so appointed by the Directors shall hold office only until the next Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. Upon re-election as a Director of the Company, Mr Aswath Ramakrishnan will remain an independent Director, and a member of the Audit, Remuneration and Nominating Committees. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to page 133 of the Annual Report for more information on Mr Ramakrishnan.
- (3) Mr Koh Beng San was appointed by the Directors on 13 October 2020 pursuant to Regulation 88 of the Company's constitution. Under Regulation 88, any person so appointed by the Directors shall hold office only until the next Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. Upon re-election as a Director of the Company, Mr Koh Beng San will remain an independent Director, Chairman of the Audit Committee, and as a member of the Remuneration and Nominating Committees. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to page 133 of the Annual Report for more information on Mr Koh.
- (4) Ordinary resolution 7 proposed in item 8 above, if passed, will authorise the Directors of the Company to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to shareholders. The authority of the Directors to do so as aforementioned is effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or until such time authority is varied or revoked by the Company in a general meeting, whichever is the earlier. In calculating the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this ordinary resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this ordinary resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

NOTICE OF ANNUAL GENERAL MEETING

Special Notice Regarding Measures to Minimize Risk of Community Spread of 2019 Novel Coronavirus (“COVID-19”)

On 3 April 2020, the Singapore Government announced the implementation of circuit breaker measures (enhanced safe distancing measures and closure of non-essential workplace premises) to curb the further spread of COVID-19.

The COVID-19 (Temporary Measures) Act 2020 was passed by Parliament on 7 April 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the “**COVID-19 (Temporary Measures) Order 2020**”) was issued by the Minister for Law on 13 April 2020 which, among other things, enables issuers to make alternative arrangements to hold general meetings where personal attendance is required under written law or legal instruments (such as a company’s constitution). A joint statement was also issued on 13 April 2020 by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and the Singapore Exchange Regulation providing guidance for listed and non-listed entities on the manner in which general meetings are to be conducted during the period when elevated safe distancing measures are in place. The alternative arrangements apply for the period starting on 27 March 2020 and ending on 30 June 2021.

In light of the above developments, the Company’s Annual General Meeting (“**AGM**”) will be convened and held by electronic means only. The Company is arranging for a live webcast of the AGM proceedings (the “**Live AGM Webcast**”) which will take place on Wednesday, 25 November 2020 at 3.00 p.m. Shareholders will be able to observe and/or listen to the AGM proceedings via live audio visual webcast or live audio-only stream. Due to the current COVID-19 restriction orders in Singapore, shareholders will not be able to attend the AGM in person.

Shareholders will be able to participate in the AGM in the following manner set out below.

Live AGM Webcast:

1. Shareholders may observe and/or listen to the AGM proceedings through the Live AGM Webcast. To do so, shareholders need to register at <https://agm.conveneagm.com/renunited> (the “**Registration Link**”) from 11 November 2020 **till 3.00 p.m. on 22 November 2020** (the “**Registration Deadline**”) to enable the Company to verify their status.
2. Following the verification, authenticated shareholders will receive an email by 3.00 p.m. on 22 November 2020 containing instructions to access the live audio-visual webcast of the AGM proceedings and, as an alternative, a telephone number to access the live audio only stream of the AGM proceedings.
3. Shareholders must not forward the abovementioned instructions to other persons who are not shareholders of the Company and who are not entitled to attend the AGM.
4. Shareholders who register by the Registration Deadline but do not receive an email response by 3.00 p.m. on 22 November 2020 may contact the Company by email at corp@ren-united.com or by phone at (65) 9619 2295.

Submission of Proxy Forms to Vote:

1. Shareholders who wish to vote at the AGM must submit a proxy form appointing the Chairman of the Meeting to cast votes, or abstain from voting, on their behalf. Please note that the proxy must be directed, ie, the shareholder must indicate for each Resolution whether the Chairman of the meeting is directed to vote “for” or “against” or “abstain” from.
2. The proxy form (which can be assessed on SGXNET at the link: <https://www.sgx.com/securities/company-announcements> or the Company’s website at the link: www.ren-united.com, duly completed and signed, must be submitted in the following manner:
 - (a) if submitted by post, be deposited at the Company’s Share Registrar office, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898; or
 - (b) submit digitally to <https://agm.conveneagm.com/renunited>

in either case, by no later than 3.00 p.m. on 22 November 2020, being 72 hours before the time fixed for the holding of the AGM.

3. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM in order to allow sufficient time for their respective relevant intermediaries to, in turn, submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date at 3.00 p.m. on 22 November 2020.
4. Please note that shareholders will not be able to vote through the live webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.

NOTICE OF ANNUAL GENERAL MEETING

Submission of Questions:

1. Shareholders may submit questions relating to the items on the agenda of the AGM via the Registration Link. All questions must be submitted by 3.00 p.m. on 22 November 2020. Although the deadline for submitting questions is 3.00 p.m. on 22 November 2020, shareholders are, however, encouraged to register themselves via the Registration Link and to submit their questions via the Registration Link earlier than 3.00 p.m. on 22 November 2020 so that they may have the benefit of the answers to their questions (where substantial and relevant to the agenda of the AGM) prior to submitting their proxy forms by 3.00 p.m. on 22 November 2020.
2. The Company will endeavour to respond to shareholders' questions relating to the items on the agenda of the AGM via SGXNET and the Company's website at www.ren-united.com (where substantial and relevant to the agenda of the AGM) within 48 hours of their receipt. The Company will also publish the minutes of the AGM on SGXNET and the Company's website within one month after the date of the AGM.

Important Reminder:

Due to the constantly evolving COVID-19 situation (and/or pursuant to any legislative amendments and directives or guidelines from government agencies or regulatory authorities), the Company may be required to change its AGM arrangements at short notice. Shareholders are advised to regularly check the Company's website or announcements released on SGXNET for updates on the AGM.

Notes on AGM (these notes are to be read in conjunction with the Special Notice Regarding Measures to Minimize Risk of Community Spread of COVID-19):

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member is normally entitled to appoint not more than two (2) proxies to participate, by way of observing and/or listening via webcast, in the AGM. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the Proxy Form. As this AGM is held under extraordinary circumstances owing to the COVID-19 pandemic, pursuant to the COVID-19 (Temporary Measures) Order 2020, shareholders are to note that the only person they can appoint as proxy for the purpose of voting at the AGM is the Chairman of the meeting. Please also note that the proxy must be directed, ie, the shareholder must indicate for each Resolution whether the Chairman of the meeting is directed to vote "for" or "against" or "abstain" from.
2. Pursuant to Section 181(1C) of the Companies Act, any member who is a Relevant Intermediary is normally entitled to appoint more than two (2) proxies to participate, by way of observing and/or listening via webcast, in the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two (2) proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the proxy form. As this AGM is held under extraordinary circumstances owing to the COVID-19 pandemic, pursuant to the COVID-19 (Temporary Measures) Order 2020, shareholders are to note that the only person they can appoint as proxy for the purpose of voting at the AGM is the Chairman of the meeting. Please also note that the proxy must be directed, ie, the shareholder must indicate for each Resolution whether the Chairman of the meeting is directed to vote "for" or "against" or "abstain" from.
3. All voting will be carried out by way of proxy forms submitted as stipulated above.
4. The duly executed instrument appointing a proxy must be emailed to the Company or sent by post to Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 not later than seventy-two (72) hours before the time set for the AGM.
5. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised. A copy of the power of attorney or such other authority must be submitted together with the instrument appointing a proxy.
6. A depositor's name must appear in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) maintained by The Central Depository (Pte) Limited not later than seventy-two (72) hours before the time set for the AGM in order for the depositor to be entitled to attend and vote at the AGM

Personal Data Privacy Terms:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company: (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

RENAISSANCE UNITED LIMITED

(Company Registration Number 199202747M)
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF approved nominees and is sent solely FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

I/We _____ NRIC/Passport No. _____

of _____ (Address)

being a member/members of RENAISSANCE UNITED LIMITED hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing *him/them, the Chairman of the meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the 28th Annual General Meeting of the Company to be held by electronic means on 25 November 2020 at 3:00 p.m. from 160 Robinson Road #26-06 SBF Center, Singapore 068914. and at any adjournment thereof.

Note: Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the notice of general meeting. In the absence of specific directions or in the event of any item arising not summarised below, the proxy/proxies may vote or abstain as he/they may think fit.

No.	Resolutions	For	Against	Abstain
As Ordinary Business				
1.	Adoption of Audited Financial Statements together with the Directors' Statement and Report of the Auditor for the financial year ended 30 April 2020			
2.	To approve Directors' fees of \$10,000/- (2019:S\$96,000)			
3.	Re-election of James Moffatt Blythman as a Director			
4.	Re-election of Aswath Ramakrishnan as a Director			
5.	Re-election of Koh Beng San as a Director			
6.	To re-appoint Messrs Baker Tilly TFW LLP as Auditor of the Company and to authorise the Directors to fix their remuneration.			
As Special Business				
7.	Authority to allot and issue shares and convertible securities			

Note: Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of Annual General Meeting for the full purpose and intent of the Resolutions to be passed.

Dated this _____ day of _____ 2020

Total number of shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s) /
Common Seal of Corporate Shareholder

• Delete accordingly

IMPORTANT
PLEASE READ NOTES OVERLEAF



NOTES:

1. For this AGM, members of the Company (including Relevant Intermediaries) may only vote by way of this proxy form appointing the Chairman of the meeting to vote in accordance with the proxy form.
2. Please insert the total number of Shares held by you: (a) if you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number; (b) if you have Shares registered in your name in the Register of Members of the Company, you should insert that number; (c) if you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.
3. The duly executed instrument appointing a proxy or proxies must be sent by post to the office of the Company's share registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 or emailed to the Company at corp@ren-united.com, not later than seventy-two (72) hours before the time set for the AGM.
4. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 November 2020.

First fold

Affix
Postage
Stamp

RENAISSANCE UNITED LIMITED

c/o Tricor Barbinder Share Registration Services
80 Robinson Road, #11-02, Singapore 068898

Second fold

5. The instrument appointing a proxy or proxies must be signed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be sent with the instrument of proxy either by post or by email as described above, failing which the instrument may be treated as invalid
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act.

GENERAL: The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Third fold

← Apply glue here →



RENAISSANCE UNITED LIMITED

16 Kallang Place, #05-10/18
Kallang Basin Industrial Estate
Singapore 339156